

Faculty of Commerce - Cairo University



Sales Management

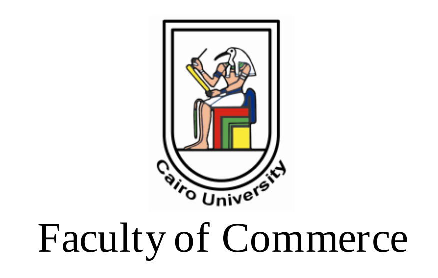
Principles, Concept & Strategy



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Principles, Concepts and Strategies

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Acknowledgement

In the writing of this book, my principal debt is to my wife, my children and my parents. Without their help this book would have never been completed. The book is dedicated to all of them.

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Introduction

The structure of this book developed a framework that views the spectrum of sales managers activities as focusing on three interrelated, sequential process, each of which influences the various determinants of salesperson performance:

1- The formulation of strategic sales program. This involves organizing and planning the company s overall personal selling efforts and integrating these efforts with other elements of the firm s marketing strategy.

2- The implementation of the sales program. This includes selecting appropriate sales personal and designing and implementing policies and procedures that will direct their efforts toward the desired objectives.

3- The evaluation and control of sales force performance. This involves developing procedures for monitoring and evaluating sales force performance, so adjustments can be made to either the sales program or its implementation when performance is unsatisfactory.

Chapter (1)

Selling and Marketing

Introduction:

Regardless of who or what you are, you, as well as everyone else, have done some form of selling. You may have been trying to increase your allowance or attempting to get an extension on a due date for a term paper. Or perhaps it was in obtaining your job or asking for a rise. To varying degree, each of us employs personal selling in our day-to-day activities both in and outside the job. It is important for us to understand the characteristics and responsibilities of personal selling and how to use to better our lives and perform more effectively.

Definition:

Personal selling is 'critical to the movement of many goods and services and can be defined as:

"Direct communications between paid representatives and prospects that lead to purchase orders, customer satisfaction, and postsale service".

This definition points out several advantages, personal selling has over other forms of promotion. The relationships between selling and other elements of the marketing mix are highlighted in the following figure:

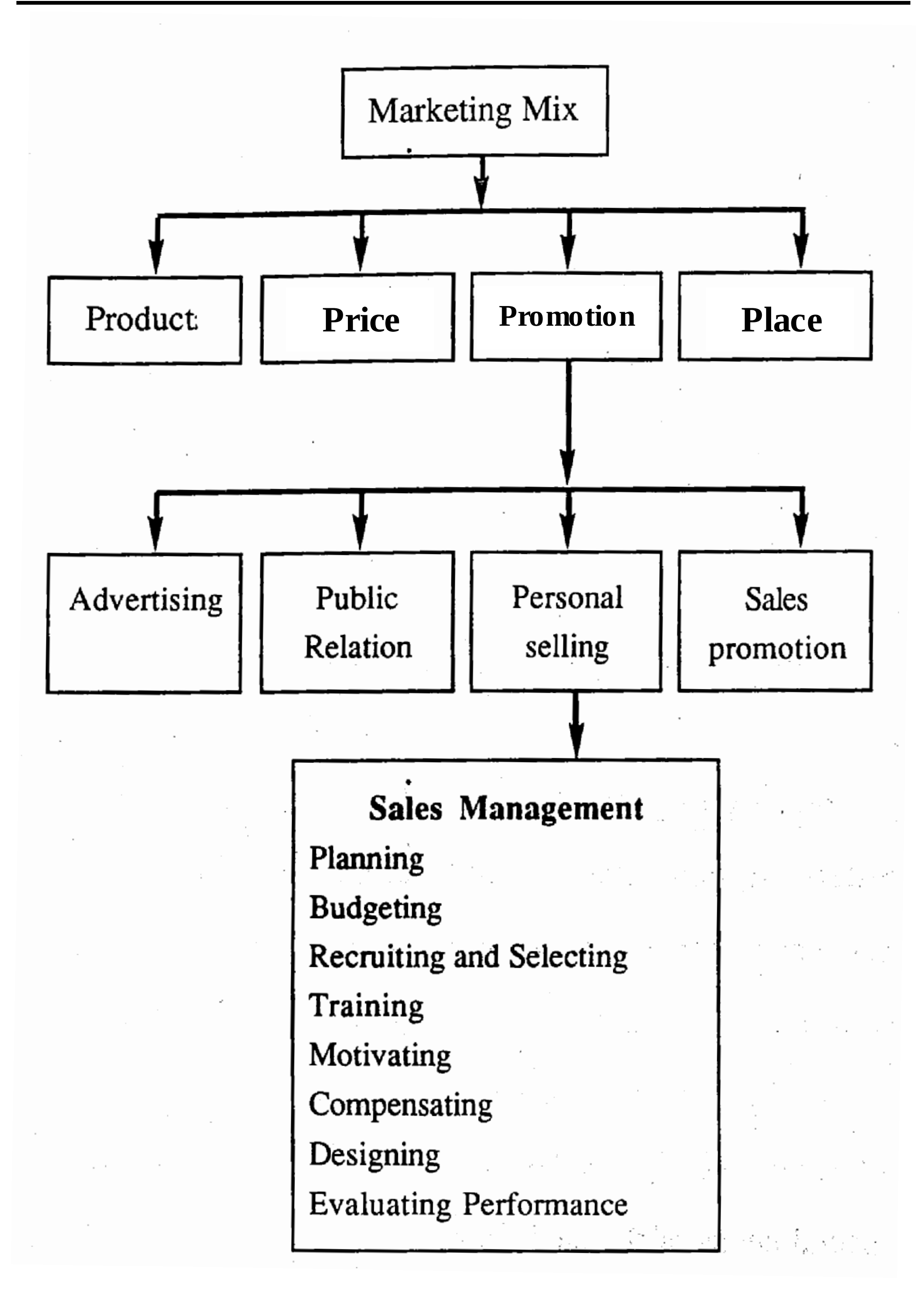


Figure (1): Positions of Personal selling and sales Management in the Marketing

Marketing programs are designed by senior executives around four elements of the marketing mix: products to be sold, pricing, promotion and distribution channels. The promotion component in turn includes advertising, public relations, personal selling and sales promotion. It is observed that advertising and sales. promotion are nonpersonal communication, whereas salespeople talk directly to customers. Thus where advertising and sales promotion “Pull” merchandise through the channel, personal selling provide the “Push” needed to get orders signed. Also, with public relations, the massage is perceived as coming from the media rather than directly from the organization. Personal selling involves two-way communication with prospects that allows the sales the sales message to be adapted to the special needs of the customer.

Moreover, when objections are raised, the salesperson i.s there to provide tailormade alternative viewpoints and explanations. Advertising can only respond to objections that the copywriter thinks are important to customers. Furthermore, personal selling can be specifically directed to qualified prospects, whereas a great deal of advertising and sales promotion is wasted because many people in the audience have no use for the product. Perhaps the most important

advantage of personal selling is that it is considerably more effective than advertising, public relations, and sales promotion in closing sales.

While the importance of personal selling has been stressed in this discussion, no single promotional tool does everything. The objective is to realize that each firm needs to balance advertising, public relations, personal selling, and sales promotion to efficiently local prospects, close sales, and retain customers.

The Selling Process:

The effective management of a company's sales force involves three interrelated sets of decision or processes, these are:

1. Formulating strategic sales program.
2. Implementing of the sales program.
3. Monitoring and evaluating sales force performance.

While this book explores the components of these processes, here we will briefly discuss the variable and sales management activities involved in each of the three processes.

1. Formulating a strategic sales program:

The activities and influences involved in formulating a company's strategic sales program can be designed through five major sets of decisions:

1. How can the persona! selling effort best be adapted to the company's environment and integrated with the other elements of the firm's marketing strategy?
2. How can various types of potential customers best be approached, persuaded and serviced?
3. How should the sales force be organized to call on and manage various types of customers as efficiently and effectively as possible?
4. What level of performance can each member of the Sales force be expected to attain during the next planning period? This involves forecasting demand and setting quotes and budgets.
5. In view of the firm's account management policies and demand forecasts, how should the sales force be deployed? How should sales territories be defined? What is the best way for each salesperson's time to be allocated within a territory?

2. Implementing the sales program:

The activities which are involved in implementing a sales program suggests that five factors influence a sales rep's job behavior and performance:

1. Environmental variables. Regardless of how highly motivated or competent salespeople are, their ability to achieve a particular level of job performance is influenced-and sometimes constrained-by environmental factors. The ability to reach a given sales volume, for instance, can be affected by such things as the market demand for the product being sold, the number and aggressiveness of competitors, and the health of the economy. Similarly, other elements of a firm's marketing mix, such as the quality of its products and the effec-tiveness of its advertising, can affect a salesperon's ability to reach a high level of sales performance.

2. Role perceptions. To perform adequately, a salesperson must understand what the job entails and how it is supposed to be performed. The activities and behaviors associated with a particular job are defined largely by the expectations and demands of other people, both inside and outside the organization Thus, a salesperson's job (or

role) is defined by the expectations and desires of the customers, sales manager, other company executives, and family members. The salesperson’s ability to do the job well is partly determined by how clearly the sales rep understands those role expectations. Also, the salesperson may sometimes face conflicting demands, as when a customer wants a lower price but company management refuses to negotiate. The salesperson’s ability to resolve such conflicts helps determine success or-failure on the job.

3. Aptitude. A salesperson’s ability to perform the activities of the job is also influenced by the individual’s personal characteristics, such as personality traits, intelligence, and analytical ability. No mater how hard they try, some people are never successful at selling because they do not have the aptitude for the job. Of course, different kinds of sales jobs involve different tasks and activities, so a person with certain characteristics may be unsuited for one selling job but tremendously successful at another one.

4. Skill levels. Even when salespeople have the aptitude to do their jobs and an understanding of what they are expected to do, they must have the skill necessary to

carry out the required tasks. For instance, a salesperson must have a thorough knowledge of the product and how it works, how to make an effective sales presentation, and other sales skills.

5. Motivation level: A salesperson cannot achieve a high level of job performance unless motivated to expend the necessary effort A person's motivation is determined by the kind of rewards expected for achieving a given level of performance such as more pay or a promotion and by the perceived attractiveness of those anticipated rewards.

3. Monitoring and evaluating sales force performance:

A company might utilize three major approaches in evaluating and controlling the sales force to monitor sales program performance:

1. Sales analysis. Sales volume can be monitored for each salesperson. In addition, sales figures are often broken down by geographic district, by each product in the line, and by different types of customers. Sales results can then be compared with the quotas and forecasts specified in the firm's sales plans.
2. Cost analysis. The costs of various selling functions can be monitored. These might also be examined across

individual salespeople, districts, products, and customer types. When combined with the data from sales analysis, this procedure allows a firm to judge the profitability of various products-and customer types. However, cost analysis presents some difficult technical questions concerning how certain costs-such as administrative salaries, and overhead-should be allocated among salespeople or products.

3. Behavioral analysis. A salesperson’s ability to achieve a certain sales volume is sometimes constrained by factors beyond the rep’s control, such as competition or economic, conditions. Therefore, some managers believe it is necessary to evaluate the actual behavior of salespeople as well as their ultimate performance in terms of sales volume. A number of techniques attempt to measure and evaluate various aspects of a salesperson’s job behavior including self-rating scales, supervisor ratings, field observations, and surveys of customer satisfaction.

Although sales analysis is the most common method of control, a growing number of firms use a combination of all three methods to identify shortcomings in the design or implementation of their sales programs and to help to decide on appropriate changes.

Personal selling and salesmanship:

Although we all are involved, at some time or anther in some sort of selling very few of us know a formal definition of personal selling. Personal selling can be defined as a formal, paid - for, personal presentation of some aspects of a company to an individual or group. There personal presentations are one of the most important stimulants for sales and profits of a company. successful personal selling requires a very professional person, not the stereotypical hail, hearty, well-intentioned fellow with no concern for customers, only for selling as much as possible. The stereotypes of selling and sales people have endured for a long time, as the following results of a survey of college students show:

- Selling benefits only the seller.
- Selling is not a job for a person with talents and brains.
- Salespeople bring out of the worst in people.
- Salespeople must be and be deceitful in order to succeed.

These beliefs notwithstanding, it is no longer possible to be successful at personal selling by being brash, pushy, or making grandiose claims. Personality and other individual characteristics will always be part of successful selling, but these alone will not complete a sale in today's

hypercompetitive environment.

A successful sale requires that the salesperson have a thorough understanding of the company's products and how these fulfill the needs of the customer. The selling task has greatly increased in complexity as the technology of the products and services, customer knowledge, and competition have increased also. It is further complicated in many instances by shared decision making - that is, companies' buying decisions that require input from many individuals at various levels of the organizations.

In this environment, a salesperson needs training in both the attributes, of the product and selling techniques. A successful salesperson must have a combination of innate ability and acquired skills. When queried, many buyers will typically say than the characteristics most liked in a salesperson are reliability, credibility, professionalisms integrity, and knowledge of the products or service being presented.

Product **knowledge** and the skills necessary to present the product effectively require extensive training and practice. The need for this is so great in today's hypercompetitive environment that many companies have their own corporate

schools for sales training, and management. This professionalism and training have modified some of the negative stereotypes and attitudes toward salespeople. In more recent surveys, many college students, particularly those in schools of business and management, fell that a sales job's challenging, rewarding, a good use of their college education and requires a high degree of creativity and professionalism.

Importance of personal selling:

The fact that companies are willing to establish their own training schools and programs attests to the importance and the extremely high cost of personal selling. More than 15 percent of the labor force in Egypt are in personal selling jobs. Of these, more sales activity is directed toward professional and industrial customers than toward consumers.

To the customer, The salesperson is the personification of the, seller's company. Often the salesperson is the only individual the customer ever comes into contact with from the company. As a result, the salesperson's actions and behavior can significantly enhance or detract from the company's image. Although usually blamed for unified or inappropriately filled orders, billing errors, late delivery, and faulty products, the salesperson is also given credit for all the good aspects of

the company and particularly for all the services provided.

The fact that an increasing number of individuals are taking courses in selling even though they do not plan to have a. sales career attests to selling’s importance to success in business. They understand that everyone in business, uses some of the principles of selling during each workday. The product manager sells a new marketing plan to the sales force; the accountant sells a new cost control system to management; the human resource manger sells the new wage package to the union representatives; and the vice president of products sells a new production process to the senior management committee. They all sell.

The professional salesperson:

Each year the level of professionalism needed to be a successful salesperson has risen. The increase in customers’ knowledge, as well as in their expectation level ~has radically changed the selling task. Salespersons. may call on customers at all levels of management and need to be able to adjust appropriately. This has caused some companies, such as IBM, GM and Xerox, to call their sales representatives market. representatives. This change has been accompanied by even more emphasis on the correct training of the market

representatives. This new emphasis involves through initial and intensive follow-up training to ensure that the proper presentation, product knowledge, and company image are presented to the customer.

Progressive companies increasingly recognize the need to be represented by talented, professional Salespeople who can ‘effectively deal with the 4 customers and potential customers who ‘themselves determine whether the company succeeds or fails. The recognition that negative word of muth can have a significant impact on sales is shaping management philosophy in terms of hiring, selecting, training; and compensating the sales force.

Types, characteristics, and duties of Sales persons:

A) Types of Sales persons:

Sales personnel are classified into different types according to different criteria.

By Sex:

Salesmen and saleswomen

By type of Product:

1) A sales-person selling a good (computer), a service (insurance), an idea (birth-control), a person (a political

candidate), a place (red sea region) or an organization (a good image about a specific firm).

2) A sales person selling a consumer good (television, clothes.. .etc), or producer good (lumber, a machinery).

3) A sales person selling a convenience good (dry battery),a shopping good (a tie) or a specialty

good (a grood with a complete brand loyalty.

By type of customer:

A sales person selling to a consumer (a household), an industrial buyer (a bank, a university, a public utility or a manufacturer), or a reseller (a retailer or a wholesaler).

By type of employer:

1) A manufacturer's sales-person.

2) A wholesaler's sales person.

3) A retailer's sales-person.

By method of communication with the customer:

1) Face-to-face selling. (In store selling, selling at homes.. ..etc).

2) Mail selling.

3) Telephone selling.

By Selling approach:

1) High-pressure sell5ng vs. low pressure selling High pressure selling depends on enforcing the customer to buy. Whereas low pressure sell depends on convincing the customer to buy. Pressure selling is a short-run oriented selling approach. Low pressure selling depends on convincing the customer to rebuy the produced.

2) Order-taking vs order-making. An order taker delivers the merchandise to the customers. He does not persuade him. He is not doing any creative effort. (a gasoline seller, bread seller, a grocery store seller...etc).

An order maker is finding new customers. He persuades them to buy. He faces their objections. He is following up. He is interested in selling and re-selling. An order taker is a routine seller, whereas an order maker is a creative seller.

Missionary selling:

A missionary sales person does not sell. He promotes the product and convinces the potential customer to buy the product without selling it to him directly. A good example is in the medicine field where the seller Convinces the medical doctor to prescrible a specific drug to a patient who will buy it

later from a pharmacy.

A missionary sales person helps the middlemen inbook keeping, displaying, ordering the merchandise, storing the products... tec.

B. Characteristics and duties of sales persons:

Aptitude and personal characteristics are typically thought to place an upper limit on an individual's ability to perform a given sales job. Two people with equal motivation, role perceptions, and training might perform at different levels because one does not have the personal traits or abilities necessary to do the job as well as the other. The questions to consider are these: What specific personal traits and abilities enable a person to achieve good sales performance? What are the determinants of sales aptitude?

One way to answer these questions is to identify the personal characteristics that sales manger look for when selecting new salespeople. Based on the results of several surveys of sales managers, personal factors related to differences in sales performance can be broken down into more precisely defined groupings of a) physical and behavioral characteristics and b) psychological traits and abilities.

Physical and behavioral characteristics include three main variables: these are:

1) Demographic and physical characteristics (age, sex, physical appearance).

2) Background and experience (personal history, level of educational attainment, educational content, sales experience, noneales work experience).

3) Current status and lifestyle (marital/family status, financial status, activities / lifestyle).

On the other hand, psychological traits and abilities include the following three variables:

1. Aptitude (intelligence, cognitive abilities, verbal intelligence, math ability, sales aptitude).

2. Personality (responsibility, dominance, sociability, self-esteem, Creativity ***I*** flexibility, need for achievement / intrinsic rewards, need for power / extrinsic rewards).

Finally, sales jobs involve a wide variety of duties. These duties can be revealed through nine different dimensions., or job factors; these are:

1) Selling function (plan selling activities, call potential accounts, prepare sales presentation, make sales

presentation, overcome objections, introduce new products, call new accounts).

2) Working with others (Write up orders, expedite orders, handle back orders, handle shipping problems, find lost orders).

3) Servicing the product (learn about the product, test equipment, supervise installation, train customers, supervise repairs, perform maintenance).

4) Managing information (provide technical information, receive feedback, provide feedback, check with superiors).

5) Servicing the account (stock shelves, set up displays, take inventory for client, handle local advertising).

6) Attending conferences/meetings (attend sales conferences, attend regional sales meetings, work at client conferences, set up product exhibitions).

7) Training / recruiting (recruit new sales reps, train new salespeople, travel with trainees).

8) Traveling (travel out of twon, travel in town).

9) Distribution (establish good relations with distrjbuters, sell to distributers, handle credit, collect pest due accounts).

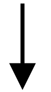
Chapter (2)

Sales Management

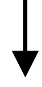
And the Sales Manager’s Job

The sequence of activities that guides sales managers in the creation and administration of a sales program for a firm can be shown in the following model:

1. Select target customers



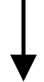
2. Organize sales force



3. Estimate potentials and forecast sales.



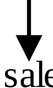
4. Recruit and select salespersons.



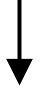
5. Train salespeople.



6. Design compensation program.



7. Motivate sales force.



8. Design Sales territories.

This general model divides the sales management process into five major components. First, the firm must come up with a selling strategy and a plan of action. Then sales management has to locate target customers and recruit, train, motivate, compensate, and organize a field sales force. The next phase of the sales management process is concerned with the interactions between customers and salespeople. This dialogue is influenced by the buyer's needs, the salesperson's skills and knowledge, and ethical factors. The results of successful salesperson/customer interactions are orders, profits, repeat customers, and after sale service. When the sales process breaks down, the result can be order cancellations and merchandise returns. The last phase of the sales management process focuses on evaluation of the field sales force and the feedback of suggestions to senior managers so they can modify plans for the future.

Strategic sales planning:

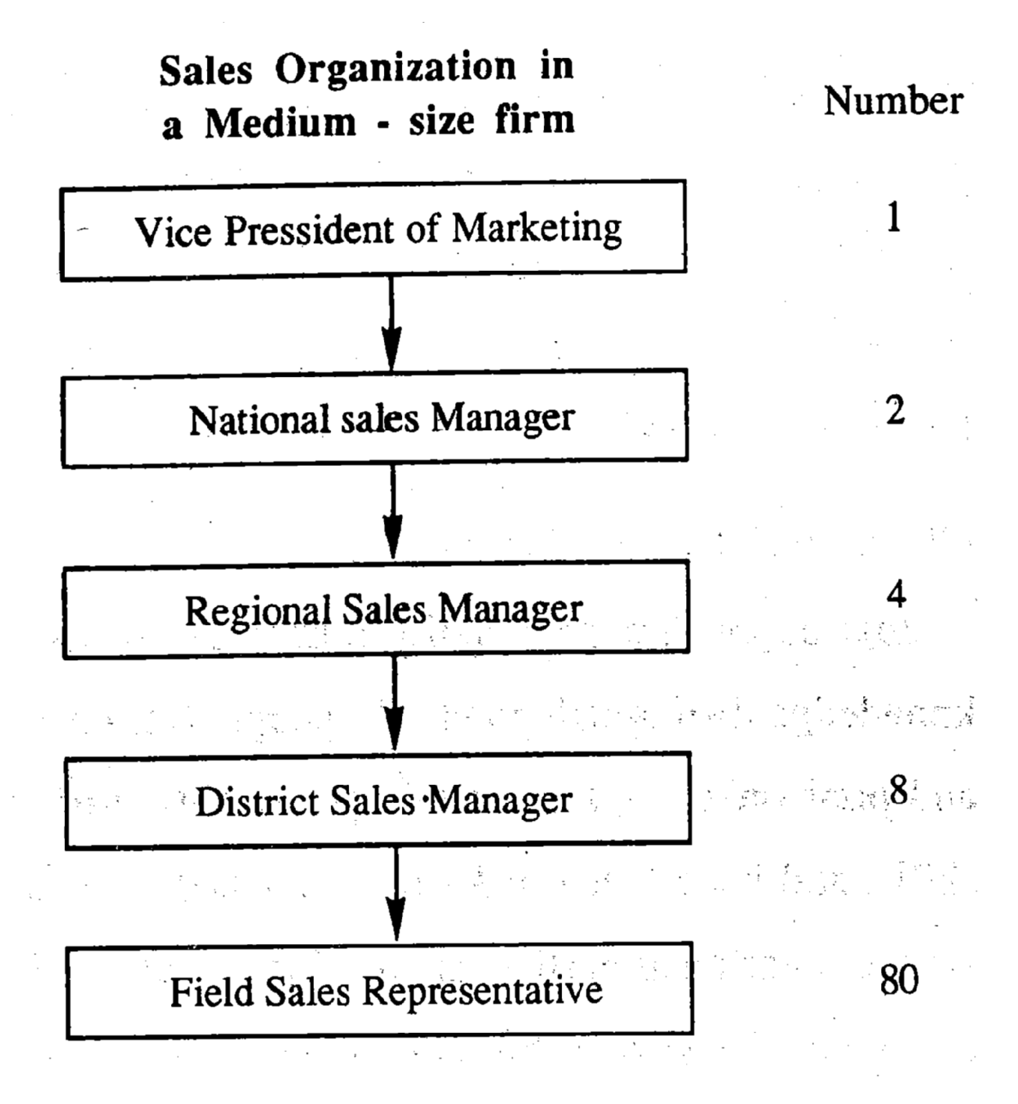
Sales management focuse on the personal selling function in the marketing mix. This administrative role includes the planning management, and control of sales program, as well as the recruiting, training, compensating, motivating and evaluating of field sales personal. Sales management can be thus defined as:

"The planning, implementing, and control of personal contact programs designed to achieve the sales and profit objectives of the firm".

This definition suggests that sales management is concerned with strategic decision making as well as carrying out marketing plans for example, sales executive often become involved in the design and development of corporate marketing programs, contribute to changes in the product line, pricing of products, and the selection of advertising campaigns and distribution channels. Sales managers and the salespeople they supervise am in an excellent position to obtain information about customer needs, product applications, and market conditions. This intimate knowledge of the market allows sales managers to make significant contributions to corporate decision making. Today's sales manager is not only an administrator in charge of personal selling, but is also a member of the executive team that makes all types of marketing decision.

Sales planning is made easier when managers have good data on where potential customers are located and how much they can be expected to buy. Sales managers also need to be able to project sales for existing accounts and territories.

A third dimension of sales planning is concerned with designing effective organizational structures. An example of a typical sales sales organization in a medium - sized firm is shown in the following figure.



The diagram shows 80 field representatives reporting to 8 district sales managers. This wide span of control means there are few opportunities for promotion within the line structure. As a result, sales managers have to be creative to find ways to motivate people and keep turnover under control. A detailed analysis of sales organization decisions on reporting relationships, Specialization and line versus staff positions is provided in the next chapter 4.

Characteristics of Successful Sales Managers:

Just as certain personality attributes, skills, and knowledge distinguish good salespeople from average and poor ones, so, too, certain personality attributes, skills, and knowledge make for good sales managers. As we mentioned earlier, many of the characteristics necessary for successful sales managers are simply extensions and transformations of the characteristics needed by salespersons, some, though, are unique to the position of sales manager.

Some companies make the mistake of believing that good salespeople will always make good sales managers. According to Bill Kelley, senior editor for Sales & Marketing Management, being good at sates does not always lead to being good at management and, ironically, a major reason is

exactly why the person is good at sales. For example, salespeople who are successful because they are intuitive and independent would have a more difficult transition into management than sales-people who are successful because they are well grounded in basic selling skills.

Personality Attributes

Some characteristic necessary for good sales managers are shared with successful salespeople, such as empathy, ego drive, ego strength, flexibility, and integrity. Empathy, the ability to view a situation from the other's standpoint, is a prominent Characteristic of successful salespeople. For the sales manager, or for any good manager, empathy is critical because it allows the manager to deal with people as individuals. Each person has a unique set of needs, desires, and goals that managers and salespeople must address. Empathy allows sales managers to treat each of their salespeople as individuals, just as salespeople treat each, customer as an individual.

We know that ego drive, the concept that success in selling is tied directly to the salesperson's self-image, is another critical personality trait for salespeople. And ego drive is just as critical for sales managers. Sales managers succeed when

their sales team is successful and when individuals within their unit achieve their potential. Sales managers with ego drive establish an atmosphere where success is not only possible but probable.

Ego strength or resilience, the ability to bounce back after a letdown, is another necessary attribute of good sales managers. Although sales managers do not face the same kind of rejection as do the people Who sell, they still need the ability to rebound from defeats. For managers, these defeats often come in the form of failing to redeem a salesperson who is foundering. Although it is extremely defeating for a person in whom the sales manager has invested time to fail, failures happen despite the manager’s best efforts. A lack of ego strength may result in the manager becoming discouraged when a salesperson does fail and, because of that, may tend to write off salespeople in the future who show signs of failure.

Flexibility is another of the necessary attributes shared by both. Sales managers need tremendous flexibility in dealing with their sales staff. And bec7ause of the multifaceted nature of the sales

managers job, flexibility permits them to deal with unforeseen problems that arise almost daily. Another aspect of flexibility

is keeping an open mind when listening to new approaches offered by salespeople. The need for flexibility is characterized by these words:

Keeping an open mind is crucial to the success of your marketing/sales partnership. Someone may suggest a way of dealing with a certain marketing issue that's radically different from what has been done in the past. Don't fear innovation! Take advantage of such creative thought to revamp your marketing where needed.

The attribute of integrity, so necessary for the development of trust in the buyer/seller relationship, is doubly critical for sales managers. The old adage "Don't do as I do, do as I say" is the reason for the downfall of many salespeople and managers. Integrity is the basis for building trust without which sales managers won't succeed. Sales managers must decide early in their tenure what their limits of acceptability will be.

Although the attributes discussed here are necessary for success as a sales manager, remember that having these attributes does not guarantee manager success. Like outstanding athletes, sales managers must develop their attributes through practicing the skills related to their job.

Skills:

Just as is the case with attributes, the skills required to be a successful sales manager often are the same skills required of a salesperson. Skills are the abilities that an individual possesses. They can be learned and tend to improve with practice. Sales management skills, like other kinds of skills, are usually complex combinations of actions that come together to form the skill. Generally, learning a skill involves practicing each of its components independently of the others and then joining them together. Skills important to both managers and salespeople include listening, speaking, and organizing. More applicable to sales managers are leadership skills, strategic thinking skills, political skills, and diagnostic skills.

Listening may be the premier skill in the selling profession: It provides information, it creates the basis for developing trust, and it lets the person who is speaking know that he or she is important. Good listening provides a greater depth of information and allows the development of rapport and trust between sales managers and subordinates. Listening also communicates a depth of concern for the speaker as an individual.

Often salespeople who are having difficulty have at least a rudimentary understanding of what the root cause of the problem may be. Active listening by the sales manager can help the speaker hear what he or she is really saying. (For more information on active listening, see Chapter 3.) It enables the speaker to arrive at some conclusion about the problem; and when the speaker "owns" the solution, he or she will be much more likely to act on it. On the other hand, a sales manager who is more ready to speak and tell the salesperson what to do will often find that effort thwarted, even when correctly diagnosing the problem. In such a case, the sales manager will be frustrated because the answer is "as plain as the nose on your face" and will often conclude that the salesperson either does not care enough or is too lazy or stubborn to take corrective action. There is something in human nature that makes us respond better when we have arrived at a conclusion ourselves instead of having someone tell us what the correct solution is.

Effective speaking is a skill necessary not only in sales but also in sales management. Effective speaking does not mean delivering a speech but, rather, being able to communicate accurately and efficiently. It is not as easy as it sounds First, the speaker needs to speak on a level with and in a way that

will be understood by the person being spoken to. This involves having at least some understanding of that person.

Often, how a thing is said is at least as important as what is said. People sometimes get motive confused when they begin talking. As pointed out in Chapter 3, people almost always communicate two sets of messages—one informational and the other emotional. When a person is upset, the individual may state some truism riot for the purpose of correction and providing feedback but simply to “vent steam.” This interaction may give the appearance of providing direction, but the real motive is to let the other person know that the speaker is angry, and the results will be different than if the speaker were simply providing information and feedback. The problem is that the person is often not even conscious of the actual motive and is surprised when the individual being spoken to does not respond in a positive way.

Often people, especially when they are upset, revert to particular patterns of communications that involve making generalized, sometime derogatory statements about the behavior of others. For instance, a manager might say, “You’re always wasting time at the office instead of being out selling” A better approach might be to say, “I’ve noticed you have been spending more time than usual in the office lately.” Both

statements are saying the same thing; however, the former is a condemning statement that conveys anger, and the latter is an observation that invites dialogue. Similar examples abound; suffice it to say that sales managers should examine their speech patterns, be mindful of their motives when speaking, and avoid condemning statements.

Organizing is another skill that is important to both managers and staff. For salespeople, it is crucial that they be able to organize time, presentations, and accounts efficiently. Poor organization is one of the great wasters, and it contributes to poor overall performance. Sales managers must not only be able to organize their own jobs and work but also be able to assist salespeople in organizing theirs. Additionally, the scope of organizational skills must be expanded for sales managers so that they can organize the sales force as a unit. This means that they must have a good grasp of territorial management and a good understanding of the strengths and weaknesses of the sales force and their company and products.

Organizing the sales unit means that sales managers need to be able to co-ordinate the efforts of the company sales force with any manufacturer's representatives that the company uses. This requires thinking strategically, in terms of mission, objectives, strategies, and tactics. Given that sales managers

are often called on to travel more than when they were in sales, it is essential that in making travel plans the byword is efficiency. Time is the one commodity that cannot be replaced.

Some skills are probably more applicable to sales managers than to salespeople. Among these are the ability to think strategically, political skills, diagnostic (problem-solving) skills, and leadership skills. Lead ership skills are so important will be discussed separately in a later section. Strategic thinking skills involve going beyond the immediate situation and being able to consider the long-term impact of decisions. The specific objectives of the sales force must follow from the overall mission and objectives of the organization. The sales force objectives lead to the sales force strategy, the general plan for accomplishing the objectives. Tactics, the short-term operational actions, flow from the sales force strategy.

The discipline of planning is difficult, and often sales managers who are action-oriented will attempt to get ahead of themselves in the planning process. Doing so will result in approaches that are loaded with inefficient operation and even with actions that are contradictory. When sales managers include tactics in their strategic plans, they find that the two do not meld together well. The sales force strategy is the “grand

plan." If it is well thought out, the tactics will be reasonably easy to develop.

Political skills include the ability to operate within the organizations. This means garnering necessary support and working with other functional areas of the company. Sometimes it can also mean being able to smooth the ruffled feathers of a customer or a salesperson. Political skills can be thought of as "diplomacy," which is an essential part of the sales manager's job. This "skill" likely comes more naturally to the pragmatist, a person who is oriented toward practical solutions. It involves the ability to analyze situations and organizations and, from that analysis, to develop effective courses of action. It recognizes that while, in the purest sense, the political nature of organizations may not be commendable or desirable, company politics are a fact of life and to prosper within the company, a person must adapt. It also involves the ability to "red people" and be, flexible enough to work with a variety of people. Additionally, political skills involve the ability to focus on things that are important and not get sidetracked by minutia.

Problem solving is a diagnostic skill. It involves the ability to break a problem down into its component parts and develop a plan of attack to address those components, thereby solving

the problem. Problem solving is really an extension of analytical skills. The effective sales manager must be able to look beyond the easy answer. Too often an easy answer simply addresses symptoms rather than the root problem. Problem solving also involves patience—the ability to search long enough to find the right answer. In most cases, a well-defined problem is three-fourths solved. Being able to diagnose problems properly involves having a good understanding of all the issues and components in the problem and bringing those to bear on the solution.

Knowledge

Sales managers must possess certain knowledge in the same way that salespeople do. Perhaps for sales managers, "people knowledge" is the most important to possess, for sales managers must be able to work with individuals both subordinate and superior in the organization. Understanding human nature enables managers to work with those various people and to create programs tailored to the needs of individual salespeople to get maximum effectiveness.

Certainly, customer knowledge is critical for sales managers as well as for the salesperson.. For sales managers, customer knowledge will help them assist individual

salespeople who might be having trouble with customers. It is also important to the sales manager in making forecasts and establishing quotas. Company knowledge, knowing how things operate within their own organization, is critical in working with other departments or divisions in the company. Sales managers are called on to pass along the corporate ethic and must truly understand it in order to effectively apply it to the sales force.

In a study of Fortune 500 companies and the criteria they use for selecting salespeople to promote to first-level sales managers, 11 crucial traits were uncovered: intellectual ability, motivation, human relations skills, perception of threshold social cues, higher than average energy level, persuasiveness, personal impact, human interaction, behavior flexibility, ambition, and tolerance of uncertainty. In another article that took a different approach to the issue, the characteristics that make for .poor sales management were outlined:

1. The office as enemy. Having an antagonistic relationship between salespeople and others in the organization, often subtly encouraged by the actions of sales managers.
2. Failure to respect personal time. Having a tendency to intrude into the personal time of their salespeople and

expect them to respond positively.

3. Withholding information. Not divulging crucial information they feel might make salespeople quit selling.
4. Robotizing the sales force. Having a tendency constantly to check up on salespeople to ensure they are out in the field.
5. Who got the order? Rewarding only the salesperson who actually wrote up the order and not giving credit to salespeople who assisted in getting the order.
6. Meetings abuse., Using meeting 10 browbeat or preach to salespeople.
7. Puffing the plan. Exaggerating the benefits of a sales promotion program.
8. Counterfeit management. Having salespeople do reports that the manager never gets around to reviewing.

Some of these practices result from a failure to exhibit certain critical attributes, from a lack of training, or from a poor attitude. All work against the effectiveness of sales managers.

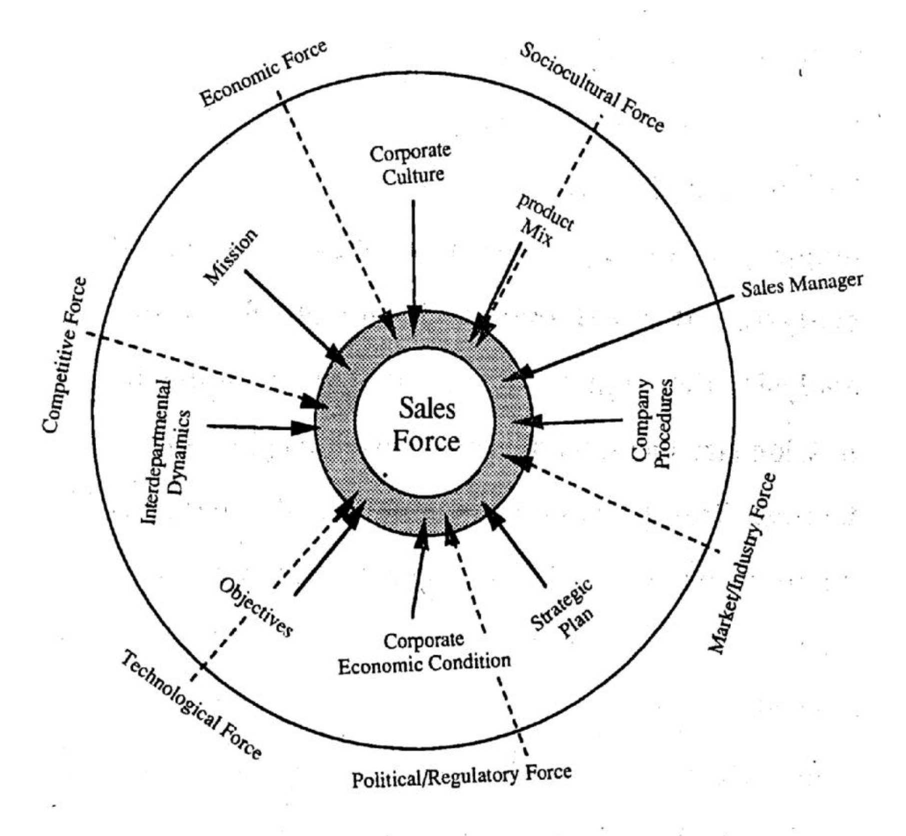
The Roles of The Sales Manager:

The Sales Manager as Filter:

As shown in the following Figure, sales managers act as a boundary spanner between internal and external forces and the sales force. A boundary spanner occupies a place between two entities and acts as a go-between. Just as the salespeople are boundary spanners between their company and their customers, the sales managers are boundary spanners between three groups—the company, the sales force, and the customers. This boundary spanner position requires that the person understand the needs and desires of all the groups involved, know how to accommodate each party within reason, and have the skill to carry it out. The boundary spanner position can lead to role stress. However, the leader's ability to develop mutually satisfying exchange relationships with all the parties involved will reduce that role stress.

In reality, this boundary spanner position means that sales managers are filters. That is, they implement the marketing plans within the confines of the internal and external forces. They are expected to play the role of interpreter and refiner of the plans and decide on the priorities that will be conveyed to the sales force. Sales managers receive feedback from

salespeople, and this information will not only affect their decisions but will also be transmitted by the managers to upper management. This role as a filter, then, is critical in carrying out the plans of upper management while taking into account the pertinent factors within the organization. It is instructive to note that because both the internal forces of the organization and external forces of the environment are dynamic, sales managers must be flexible and creative to deal with them successfully.



Sales Manager as a Filter

The external environment consists of factors outside the organization that have an effect on how it operates. These environmental forces interact to create both threats and opportunities for the organization and thus have a direct impact on strategic planning. However, the impact on the sales force is indirect. A major part of the planning process consists of analyzing this external environment. From this analysis, the organization is able to examine its mission statement, its objectives, its strategies, and its tactics. The process of examining the external environment is called environmental scanning. True environmental scanning consists of a continuous, systematic gathering of information from relevant sources, summarizing this information by a collection center, and dispensing the information to the appropriate functional areas in the organization. This not only provides a flow of fresh information for the planning process; it also reveals the presence of strategic windows, unique opportunities that arise in the marketplace and are limited as to time and the number of competitors that will have a viable opportunity to take advantage of.

Within any organization there exists an internal environment, a set of inter active forces that affect its operation. These forces establish the dynamic within the

organization, which affects the magnitude and use of resources, the strategic planning process, and specific strategies employed. The internal forces also directly affect the management of the sales force. They come together to form not only a social system but also the “atmosphere” in the workplace. These internal forces are affected by the external ones and will be altered as a result of a change in one of those external forces.

The *Sales* Manager as Intrapreneur

One of the attractions about the job of sales managers is that they are, in effect, building a business that will be an extension of themselves. If managed correctly, it will be a healthy, going concern long after the manager has moved on to other things. This is really the essence of “entrepreneurship,” “the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction.”.

However, given that sales managers exist within a larger organization and are not entrepreneurs as such, they more closely fit the definition of intrapreneur, “entrepreneurship within an existing business structure.” Intrapreneurs need to

possess a vision for what they wish to accomplish, be able to address problems creatively, decide on an appropriate course of action, and carry the project to completion. Those elements certainly are present in successful sales managers. Another aspect of intrapreneurship involves being able to marshal people and resources to accomplish the strategic plans of the organization. In short, the sales manager needs to treat the job as a business to be managed and not simply as a position to be filled.

The Sales Manager as **Goal Setter**

It is generally a given that the establishment of goals is a critical element in success. We hear phrases like "If you aim at nothing, you will hit it" and so forth. Certainly, goals provide a sense of direction and help establish a set of priorities. Goals are also important when we attempt to determine the best allocation of resources. Obviously, sales managers play a critical role in goal setting. They not only need to establish both personal goals and goals for their sales units, they also play a major role in helping salespeople establish goals for themselves. Thus sales managers help salespeople to set performance goals (goals related to their output), as well as learning goals (goals related to improving their abilities).

The Sales Manager as Change Agent

Sales managers are change agents. By change agent, we mean a person who, through correct diagnosis of problems within the organization, is able to develop solutions and facilitate the adoption of those solutions.. . Sometimes the change agent can be a person from outside the organization who acts as a consultant. However, sales managers often do not have the luxury of hiring such a person and must become proficient at intervening in problems within the sales force.

Being a change agent begins with taking an objective look at what, is going on by conducting a systematic analysis of the problem. This is very difficult for sales managers because they likely have been living with the problem for a period of time and have developed some preconceived notions as to what needs to be done. Taking an objective look at the problem means that sales managers will need to distinguish the apparent symptom from the underlying problem. Probably the simplest way to do so is actually to list all the symptoms of the problem in a column on the left-hand side of a piece of paper, and across the page, list the corresponding problem that has led to the symptom. The next step involves listing the various tenable alternatives for each aspect of the problem and then delineate the strengths and weaknesses of each alternative.

Once a solution is developed that adequately addresses the. problem, sales managers must then implement the necessary corrective action or, in other words, facilitate the necessary changes.

Kurt Lewin proposed that change is essentially a modification of those forces that keep behavior stable within an organization.. He stated that in any organization there are forces that attempt to maintain the status quo and another set of forces that are striving to bring about change. To facilitate change, the change agent may either decrease the forces supporting the status quo or increase the forces that strive for change. Lewin proposed three steps in the process of facilitating change:

1. Unfreezing. Lessening the forces that maintain the status quo. This can be done through providing new information about the discrepancy between current behavior and what is acceptable, or perhaps showing how the person or group can better achieve their goals through a new approach.

2. Moving. Creating new behaviors on the part of the person. This is done by providing a cognitive map of where the change will take the person or group and the steps necessary to make the change. It often involves facilitating

new attitudes as well as new actions.

3. Refreezing. Stabilizing the person or group in the new position. This is done through developing a support framework for the new behavior. The use of motivation, feedback, and compensation is an essential part of such a framework.

Sales managers sometimes must work not only to change organizations but also to change individuals. Often managers are tempted to view this idea with skepticism; their view is that people don't change and the sales manager who tries to do so is wasting time. Sterling Livingston counters this notion with the idea that managers do in fact have a major impact not only on how people perform but also on what people become. He states that the key to that impact is the expectations managers hold for subordinates, and he calls this concept the Pygmalion effect.. This effect of personal involvement works between the sales manager and the salesperson, as well as between upper management and a sales manager.

The Difficulty in Bringing About Change

Even when the need for change is apparent to all concerned, change still creates dissonance and will likely meet with resistance. There are a number of reasons for this. First,

human nature is such that the present reality represents a form of security. Even though ‘hat reality may be detrimental to a person and/or the organization, it is a known quantity, and generally people have adapted to it. Change means that a whole new set of rules must be learned and that a person faces many unknowns.

Another reason people might resist change is that they may have an investment in the status quo. The system, despite its flaws, may have been a good one for them, and any change means that their circumstances may not be improved appreciably and may even deteriorate. Some individuals may have devoted a great deal ‘to bring their positions within the organization to a particular point and will be hesitant to see that work “go down the drain.

Any change may result in the loss of autonomy for some people. Even though this may not seem significant, one of the factors that makes a job attractive is the degree of autonomy individuals enjoy. A change may mean that someone may be called on to turn over “his accounts” to another and face some scrutiny as to how those accounts have been handled. Additionally, people may be shifted around in the organization and be placed under a new supervisor who may necessarily exercise more control over them than they have been

accustomed to.

For salespeople, changes often represent a more direct threat—a threat to their livelihood. Anytime salespeople are called on to change territories, it means that their sales will suffer at least a temporary slump as they try to get. established in the new area. A change in territory means they will need to learn about new customers, new geographic areas, and new competitors. At the same time, they may feel that all their work to build up their old territory has been for naught. It may also mean relocation, and that can create a whole other series of problems.

Chapter (3)

The Selling Process

Introduction

The selling process refers to a sequential series of actions by the salesperson that leads toward the customer taking a desired action (buying) and ends with a follow-up to ensure purchase satisfaction. This selling process involves the foiling seven basic step.

- Prospecting
- The preapproach
- Making the approach. Conducting the presentation
- Overcoming objections and execuses
- Closing the sale
- Follow—up and postal service.

Prospecting

The process of seeking new potential customers is called prospecting. Prospecting involves two tasks. First, the selesman must find people or companies who might buy his products or services. These potential. customers are called prospects. Second, the salesman must find out enough about the prospects to be able to pinpoint which ones need or went his produces or ??????? and which ones have the financial mear 3 to purchase them. This second task, pinpointing the most likely potential customers, ±a called qualifying. The eff-ective salesman concentrates his sales effort on only$_2$the most promising prospects.

Soupces of Prospects:

The salemann must constantly search for people who want his product and are able to buy it. He cannot afford to ignors a single lead, because until he qualifies his prospects, he does not know who will be most likely to buy his product.

Some of the more eommon sources of prospects are family and friends, local groups and tradesmen, present and past customers, directories and lists, and news stories.

Family arid Friends:

Because family and friends are anxious to see the salesman succeed, they will gladly give him leads to potential customers:

Local Groups and Tradesmen:

Local groups such as trade associations, parents associations, or chambers of commerce are good sources of prospects.

Local merchants and tradesmen from whom the salesman buys his own food, clothing, and household necessities are usually willing to furnish information, about prospects.

Present and Past Customers:

The salesman's satisfied customers are often excellent sources of new prospects.

Inactive who once bought regularly from the firm but for some reason no longer do so - are another important list of prospects. Inactive accounts can be turned into active accounts once again by a salesman who takes the time to win back ~heir business.

Directories and Lists:

There are a great many directories and lists that a salesman can use as sources for prospects: telephone directory., trade arid professional directories and commercial lists.

News Stories

The local newspaper can be a gold mine of leads for salesman. News stories about newcomers to the community, new businesses or expansion of existing businesses, appointments of individuals to new jobs, election of officers in civic and social organizations, birth announcements, actions taken by city government-all give the salesman leads to new prospects.

Prospecting Methods:

Many companies supply their salesmen, particularly young and inexperienced ones, with some sort of prospect list.

But a good salesman must develop his own prospecting methods to generate a list of names

Qualifying Prospects:

The salesman knows that he cannot make a sales presentation to every prospect he finds. To vise his sales efforts most effectively, he must determine whether his

prospects qualify as high—potential customers. To fit into this category, the prospect must meet these qualifications:

- He must have a need or want that can be satisfied by the product the salesman is selling.
- He must have the financial means to pay for the purchase.
- He must have the financial means to pay for the purchase.
- He must have the authority to make the purchase.
- He must be accessible to the salesman.
- He must meet the special qualifications necessary to buy the particular product (authorized retailers and dealers are *examples)*.

The Preapproach

The part of the selling process that consists of collecting information, analyzing its significance, and using it to construct the sales presentation is the preapproach. After the salesman completes his preapproach he can select the most appropriate type of sales presentation. Then he can plan that presentation, keeping in mind everything he has learned about the prospect and his company. Next he can make. an appointment for an interview.

Types Of Information Needed:

If the salesman is selling an individual a product for his own use, the salesman should seek details about the prospect's personality. However, if the salesman is selling a product to a purchasing agent for a company, then the salesman should concentrate on information about the company's business and about the individuals who might be involved in the buying decision.

Sources of Information:

There are two basic sources: internal and external.

Internal Sources: There is a treasure house of information about prospects in the records kept by the salesman's

company. This information usually pertains only to those prospects who have had previous dealings with the company.

External Information: The salesman talks to customers and to other salesmen to gather information about new prospects. He also reads newspapers regularly, and ~e follows the activities of trade associations. In addition; he reads the trade publications in his field.

Types Of Sales Presentations:

There are three basic types of sales presentations, canned, planned, and programmed. A canned presentation is prepare by the salesman's Company. Planned and programmed presentations are developed by the salesman and are carefully tailored to each new prospect.

Canned Sales Presentation:

The canned presentation is prepared by the company and lists all the things that salesmen ate to say and do when talking to the prospect. The salesman is expected to deliver the canned presentation with very few changes.

Planned sales Presentation:

The planned presentation is prepared by the salesman and the things that are to be said and done in the presentation are

flexible.

Programmed Sales Presentation:

A programmed presentation is written sales presentation that details how the individual prospect can use the product or service being offered. The programmed presentation can be used successfully

to sell life insurance, material handling equipment for factories, heating systems for large buildings, interior decorating. designs for hotels, and so forth.

Building A sales Presentation:

The following suggestions will help the salesman build a complete and convincing sales presentation.

1) List the. five basic stages of a sale through which the salesman must lead the customer. They are attention, interest, desire, conviction, and action.

2) List all the buying motives that could induce prospects to buy the product. He should consider rational and emotional motives in addition and emotional motives in addition to conscious and unconscious motives.

3) List all possible sales features of the product, including facts in the company's advertisements, pamphlets, and bulletins.

4) Translate these sales features into selling points.

5) List the demonstrations that dramatize the selling points. Remember that the prospect absorbs information through all five of his senses; that is, he sees, hears, touches, smells, and tastes. Try to appeal to as many of the prospect's senses as possible.

6) List all possible objections to the product. The best way to overcome possible objections is to anticipate them.

7) Plan selling – point stories. The salesman should prepare a story for each selling point.

8) Select the material to be included in the sales presentation and arrange it according to the five stages of a sale.

9) Write a summary paragraph of the principal- teases or buying the product. A final summary of the important reasons for buying the product may close the sale.

Making The Approach

The approach is the opening of the sale, in which the salesman attempts to gain the sale, in which the salesman attempts to gain the favorable attention of the prospect so that he will be willing to hear more about the salesman's proposition. The approach requires thorough preparation on the part of the salesman. The following guidelines will help a salesman plan and make a more effective approach.

* Learn how to get to see the prospect.
* Establish a friendly atmosphere.
* Prepare a strong opening statement.
* Determine the customer's needs.
* Have a purpose for your call.
* Wait until the customer is ready to

Conducting The Presentation

The part of the sale, in which the salesman attempts to turn the prospect's attention and interest into a desire to own the product, is known as the presentation.

The presentation consists of the sales talk and the sales demonstration. The sales talk describes the features of the product by appealing chiefly to the prospect's sense of hearing. In the sales talk, the salesman uses expressive words, descriptions, comparisons, and stories.

The sales demonstration illustrates the features of the product by appealing to the senses of touch$_1$ taste, smell, and most of all, sight. Demonstrations should be designed to prove the statements that the salesman has made about what the product has and what the product can do.

Guidelines for an Effective Presentation:

The salesman can follow certain guidelines to ensure that his part in the sales presentation is effective, He should plan the presentation, concentrate on the prospect, arrange the selling points in logical order, appeal to the prospect's five senses, dramatize the demonstration, involve the prospect, and ask the prospect questions.

Overcoming Objections And Excuses

Seldom can a salesman lead the customer through all, the stages of a sale without encounter4ng some hesitation on the part of the customer.

It is important that the salesman learn to distinguish between objections and excuses, because the techniques for handling them are different. Objections are honest points of difference between the prospect and the salesman. Objections may be based on (1) the prospect's need for the product; (2) the product itself or some feature of it; (3) the source of the product, which includes the company offering the product and the salesman; (4) the service that goes with product, including delivery, installation, guarantees, maintenance, and ???cement parts; (5) the price of the product, which includes the length of time allowed for payment and discounts for cash and quantity purchases; and (6fl the time of the purchase.

Rules For Answering Objections

There are the general rules that a salesman should follow in answering objections:

(1) Have the right attitude.

(2) Listen carefully to the objection.

(3) Get at the real problem

(4) Time your reply.

(5) Show that you understand the objection.

(6) Answer briefly.

(7) Tailor your reply.

(8) Set a commitment from the prospect.

(9) Know when to back off.

Closing The Sale

The close of a sale really begging when the salesman starts the sale. All the salesman's efforts in prospecting, preparing the presentation, making the approach, conducting the sales presentation, and overcoming objections and excuses are aimed at closing the sale.

Techniques For Closing The Sale:

Some sales experts suggest that the salesman make not less than three or more than seven or eight attempts to close a sale. If each attempt to close were exactly the same, the prospect would probably respond negatively to each attempt if he responded negatively to the first one. For this reason, and also because the salesman must deal with so many different prospects and situations, he should have a stockpile of closing techniques. The following are some of he techniques the salesman can use.

(1) Reviewing selling points

(2) Contrasting advantages and disadvantages

(3) Assuming a close

(4) Suggesting ownership

(5) Closing on a minor point

(6) Closing on an objection

(7) Premium close

(8) Last—chance close

(9) Standing—room-only close

(10) Narrowing the choice

(11) Asking for the order directly

Follow-Up And Postsale Service

To ensure customer satisfaction and maximize long; term sales volume. Sales-. people often engage in follow-up activities and provide postsale service. If a sale is not made, a follow—up may eventually lead to a closed sale.

Several factors influence the extent of the follow-up, The follow-up tends to be more important when[1].

1) The sale is important in terms of pounds.

2) There is a good chance of repeat business with the customer.

3) A substantial amount of customer training is required.

(1) F.A. Russell, F.H. Deach, and R.H. Breskirk, Textbook of Salesmanship, 10th ed. (New York: McGraw—Hill Book Company, 1978), pp. 369—371.

Chapter (4)

The Sales Organization

Introduction:

A sales organization is both an orienting point for cooperative endeavor and a structure of human relationships. It is composed of a group of individuals striving jointly to reach qualitative and quantitative personal-selling objectives, and bearing both informal and formal relations to one another. Implicit in the concept of a sales organization is the notion that individual members of the group cooperate to attain ends. The sales organization is not an end in itself but rather the vehicle by which individuals hope to achieve given ends. Existence of a sales organization implies the existence, too, of patterns of relationships among subgroups and invidious established for purposes of facilitating accomplishment of the group's aims.

The sales organization should be adjusted to fit — ideally, to anticipate— changing needs and situations. The combined impact of shifts in marketing, in competitions, and in other business factors calls for appropriate changes in the sales organization. The ideal sales organization has a built-in adaptability allowing it to respond appropriately in fluid and diverse marketing environments.

Purposes Of Sales Organization:

1. Permit the Development of Specialists As a business expands, various marketing and selling activities multiply and become increasingly complex. It is difficult to fix responsibility for performance of all necessary activities, particularly when executives are reluctant to delegate authority. One important purpose of reorganizing. the sales department is to facilitate assignment of responsibility and de legation of authority. This often requires reshaping the structure so that it is easier for specialists to develop. In fact, specialization, is the chief means through which, the processes of organization and reorganization are effected. As tasks grow in number and complexity, they need to be broken down into manageable units and assigned to specialized personnel. This breaking down involves fixing responsibility for specific tasks with specific individuals

2. Assure that All necessary Activities Are Performed.

As a sales organization grows and specialization increase, it is increasingly. important that all necessary activities be performed. Therefore, an important purpose of organization is to assure that all necessary activities are performed. What is "necessary" changes over time. When jobs are greatly

specialized, the danger exists that the organizational plan will not provide for supervision of all activities. Essential tasks may-not be performed, simply because they are not assigned to specific individuals.

When a company is amall, for instance, its executives are in close contact with users of the product. As a company grows, as marketing channels lengthen and as the marketing area expands geographically, top executives come further and further removed from the customers. As soon as executives b~ in to lose their informal contacts with customers, an individual should—be charged with responsibility for maintaining such relationships.

3 - Achieve Coordination or Ealance:

Another purpose of organization is to achieve coordination or balance. Individuals vary in competence, potential, and effectiveness. Particu1aly forceful executives may percent a basically sound organization from functioning moothly. Their personalities may be such that through assumption of authority$_7$ fail ire to delegate it, their positions *are* magnified out of all proportion to their true importance, Worse

yet, total accoplisliments of the organization are less than they could have been if, so to roeak, greater advantage had been

taken of the sysnerglstic effect – when the sum of a combination effort exceeds the efforts of the same individuals working alone. By getting people to pull together as a team rather than as an assortment of individuals, the organization accomplishes more collectively than its members could independently.

4 - Define Authority:

Sales executives should know whether the. authority attaching to each aspect of their position is line, staff, or functional. Line, authority carries the general power to require execution of orders by those lower in the organizational hierarchy. Staff authority involves only the power to suggest to those holding line authority the .method for implementation of an order. Functional authority enables specialists in particular areas, such as in technical product service, to enforce their directives within a specific and limited field, Line executives make decisions on; the need, place, and time of action over a wide range of matters. Staff executives advise line executives about matters. Staff executives about methods but have no formal power to require or enforce the execution of their recommendations, Functional executives are specialists—experts in some clearly defined aspect of the business who assist executives holding general line authority. For example,

such specialists might advise on new product introduction. They do this by issuing orders, mainly on routine technical problems, directly to lower organizational levels. All executives should understand the nature of their authority with respect to each aspect of the operation; otherwise friction i~ hound to develop. When, for instance, staff executives attempt to exercise line authority, they are headed for trouble with the line executives whose authority is usurped.

5. Economize on Executive Time

As a sales department's operations and activities increase in complexity and number, additional subordinates are added. - This permits higher ranking sales executives to delegate more authority, it also allows for the more Effective use of specialization, while higher executives devote less time to operations and more to planning. One purpose, -then, of organization-and one often overlooked is achieving economies in the use of executive time. Top sales executives should not concern themselves personally with all of the sales department's problems and activities, particularly routine or technical ones, when they-have capable and well—trained subordinates.

However, as sales executives gain subordinates, they must devote more attention, and probably more time, to coordinating their efforts. Unless the executive is an effective coordinator, his or her subornments may not work in harmony or discharge their assignments in line with expectations Under these conditions, the advantages of specialization are not fully realized. In building the sales organization, then, the need for effective coordination limits the number of subordinates who should report directly to certain executives. In organizational theory, this limit is called the span of control.

Setting Up A Sales Organization

There are five maior steps in setting up a sales in anization:

1. Defining the objectives.

2. Delineating the necessary activities.

3. Grouping activities into “jobs” or “positions.”

4. Assigning personnel to positions.

5. Providing for coordination and control.

Defining Objectives:

The initial step is to define the sales department’s objectives. Top management, of course, defines the long—run objectives

for the company, and from these the general, or long—run, objectives for ‘the sales department are derived. Considered collectively, general objectives constitute top management’s vision of the company at some future time. Top management, for instance, may want the firm not-only to survive but to achieve industry leadership, develop a reputation for outstanding technical research., diversify its product lines, provide excellent service to Customers, furnish investors with a generous return, establish an image of public responsibility, and so on. From such composites, sales management working -in consultation with top management determines the implications for the sales department and articulates a set of qualitative personal-selling objectives. Quantitative personal—selling objectives, in turn, are set with an eye on the qualitative objectives. Survival, for instance, is undoubtedly the most basic qualitative objective of any enterprise as well as its sales department, and this requires, among other things, a continuing flow of sales revenue; so, securing a given level of sales volume is an important quantitative objective.

Survia1 also require profits, Hence, a - second. important qualitative, personal-selling objective is to produce profits, not only by making profitable sales but by controlling departmental costs and expenses. Furthermore, survival

generally requires eventual growth in both sales and profits: otherwise,, in a growing. Economy the company-is destined to fall behind competitors or even risk being forced out of business. It follows that a third important qualitative persona selling objective is to realize long-term growth in sales and profits. Therefore, three of the sales department's general objectives—all traceable to top management's desire for survival of the firm-may be summed un in three words: sales, profits, and growth.

Qualitative personal – selling objectives, although stated in general terms, are indispensable for long-range terms, are indispensable for long-range planning and must be kept in and in short-range planning. Quantitative personal—selling objectives, phrased in specific terms (and numbers), are required as operating guideposts. Thus, the qualitative personal—selling objective of -numbers), are required as operating guideposts. Thus, the qualitative personal-selling objective of producing profits may be translated into specific quantitative personal-selling objectives such as to increase our market share of the hand-held calculator business to 20 percent by the end of the current year and to secure four wholesalers in Australia and one in New Zealand to introduce our vest-pocket calculators in those markets next year. People in the sales department, like

people elsewhere, work more effectively, with less waste of time, effort, and money, when assigned definite goals. The sales department as a whole, similarly, operates lucre smoothly, and its activities are more purposeful~ when specific quantitative objectives, have- been set for it.

The qualitative objectives set for the sales department. form the basis for the general policies governing its performance over extended periods. The quantitative objectives set for the department are the foundations from which day-to-day operating sates policies and programs are developed. A thorough examination-perhaps even a restatement- of the qualitative and quantitative goals of the sales department is the logical place to begin the task of redesigning its organizational structure.

Determination Of Activities And Their Volume of Performance:

Fundamental to sound organizational design is recognition that activities are what is being organized. Only after a comp-ilation of all necessary activities and the making of estimates of their volume of performance is it possible to provide intelligent answers to such questions as: What executive positions are required? what should be their relationships to

other positions? What should be the duties and responsibilities of persons who fill these positions?

Determining the necessary activities and their volume of performance is a matter of analyzing the sales department's qualitative and quantitative- objectives. Thorough examination will disclose which activities must be performed in what volume if objectives are to be attained. The activities involved in modern sales management are fairly similar from firm to firm, and although individual sales executives may think that their operations-are different, most differences are more apparent than real. Almost every sales department carries on the same general activities. Differences among departments are those of detail, of relative emphasis placed ~1pon individual activities and in volume of performance.

Grouping Activities into Positions:

Next, the activities identified as necessary for carrying out the work of the sales department are allocated on a logical basis to different positions. The organizational planner must keep -in mind the fact that activities are aimed at achieving certain objectives-ultimately the -composite provides the raw material from which job descriptions are complied (in -terms of job descriptions are complied in terms of job objectives,

duties and responsibilities concerning performance or management of activities, and performance measures).

Activities should be classified and grouped so that closely related tasks are assigned to the same position. Each position should contain not only a sufficient number of tasks but sufficient variation to provide for job chal1enge,.i~te'rest and involvement. Only in very large organizations, where extreme specialization is practiced, should a position Comprise only a single activity, and even here the burden of proff should be on those proposing such a move. Fortunately, pressures of administrative economy are generally strong enough that most position holders are responsible for a number of diversified, although related, activities.

Certain activities are of crucial importance to success of the sales department, and this has impLicatio7ls for organizational design. For example in a highly competitive field, product merchandising and pricing are assigned to position high up in the organizational structure. Activities of lesser importance are assigned to lower-level jobs.

When a large number of positions is being set up, groups of related jobs are brought together to form subdivisions of the department, In most such cases, a number of intermediate level

positions would, in turn, have be coordinated by the top sales executive. Nevertheless, the organizational planner should against building to many levels into the department. The smallest number of administrative levels that permits the department, both to perform its activities and to operate smoo-thly is best.

Assignment of Personnel Lo Positions:

The next step is to assign personal to fill the positions that-evolve logically from analysis of the sales department's objectives and required activities. However, this brings up the question of whet-her to recruit special individuals to fill the positions that have evolved or to modify the abilities of available personnel. This is a question that has long been controversial. In the real world, compromises are frequent. On the one hand, some position requirements are sufficiently general that many individuals already posses the necessary qualifications, or can acquire them -through tanning. On the other hand, some individuals possess such unique talents and abilities that it is prudent and profitable to modify the job specifications to fit them. Nevertheless, organizational planners prefer, whenever the situation permits,. to have-individuals grow into particular jobs -rather than to have jobs grow up around individuals.

Provision- for Coordination and Control:

Sales executives who have others reporting to them (that is,. those with line authority) require means to control their subordinates and to Coordinates their efforts, Those with line authority should not be so overburdened with detailed and undelegated responsibilities that they have insufficient time to devote to coordination. Nor should executives have too many subordinates reporting directly to them-this weakens the quality of control and prevents, the discharge of other assigned duties. Thus, in providing for: coordination and control in the sales organization, proper consideration must be given the span of exeou~-4ve control, taking into account such factors as those discussed earlier.

Control and coordination of subordinates is obtainable through both informal and formal means. Sales executives who are-strong leaders control and coordinate the efforts of their subordinates largely on an informal basis. Through sheer force of personality coupled with unusual abilities to attract and hold the loyalty of followers, the strong leader tends to make minimal use of formal instruments of control an coordination. But all sales executives, whether strong leaders or not, an improve their effectiveness through advantageous use of formal instruments of control.

The most widely-used and most important formal instrument of organizational control is the written-job description. This instrument sets forth for each job: -the job objectives, duties and responsibilities, and performance measurements, Perhaps the most critical section of the job description is that setting forth the job objectives-many organizational planners argue that the job objective section of the job description should be the part emphasized and, to the extent possible, the person who holds the job should be allowed to determine hot to achieve these objectives. The argument is that this not only encourages position holders to use their own initiative but makes it clear that they are to achieve stated job objectives even if that requires performing duties and responsibilities beyond those contained in job -descriptions. Few sales executives will dispute this argument, but most are equally convinced that there is real merit in detailing duties and responsibilities (as completely- as possible) and in defining the measures that are to be used in evaluating the position-holders' performance.

Good job descriptions provide job holders with clear pictures of the roles they are to play in the sales organization, but such descriptions are also useful in other situations. Written job descriptions find use in employee selection

processes. They are used, too, in matching job specifications with applications, qualifications where recruits can not be found with all desired qualifications, job specifications form the basis for training. Position holders, in addition, -can use their job descriptions as yardsticks against which to appraise their own performances. In all these ways, the job description serves as an instrument of, and contributes to , organizational control.

The organizational chart, another widely - used instrument, is used to show formal relations among different positions. A chart showing relationships between personnel and jobs can reduce confusion about the individu4's role. The organizational chart delineates 'formal rather than informal relations and, because of this, rarely provides a true picture of how the organization actually works. Nevertheless, availability of an organizational chart enables members of a sales department to learn the nature of their formal relations with others, to know with whom they are expected to cooperate; and to clarify their formal roles.

An instrument of organizational control used increasingly is the organizational manual. It is an extension of the organiz- ational chart, lypically, it contains charts for both the company and the departments, write-ups of job descriptions and

specifications, and summaries of major company and departmental objectives and policies. The organizational manual brings together a great deal of information on the organization, and helps its users to learn and understand the nature of their responsibilities authorities and relations with others.

Basic Type Of Sales Organizational Structure:

If sound organizational practices are followed in setting up the sales department, the resulting structure takes on features of one or more of four basic types: line, line and staff, functional, and committee. The grouping of activities into positions and the charting of relationships of positions cause the organization to take on structural form. The first two types (line and line and staff) are by far the most common. Functional organizations and the pure form of committee organizations are rare. Most sales departments have hybrid organizational structures, with variations to adjust for personalities and to fit specific operating conditions.

The sales department’s organizational structure evolves from the needs of the business. No two companies have identical sales organizations, because no two have identical needs. The customers, the marketing channels, The company

size, the product or product line, the practices of competitors, and the personalities and abilities of the personnel are but a few of the many factors affecting the organizational structure of the sales department. So numerous are the factors influencing the structure of individual sales departments that it is impractical to draw generalizations concerning the unique advantages and disadvantages of the many possible "mixed" types; the discussion that follows is limited to an analysis of the four basic types. Organizational planners should be thoroughly acquainted with the chief features of each type, and its respective merits and limitations. If they have this background and understand the factors influencing the structure of the sales department in questions, they are equipped to evaluate its appropriateness.

Line Sales Organization:

The line organization is the oldest and simplest sales organizational structure. It is widely used in smaller firms and in firms with small numbers of selling personnel-for instance, in companies that cover a limited geographic area or sell a narrow product line. The chain of command runs from the top sales executive down through various subordinates. All executives exercise line authority, and each subordinate is responsible only to one person on the next higher level.

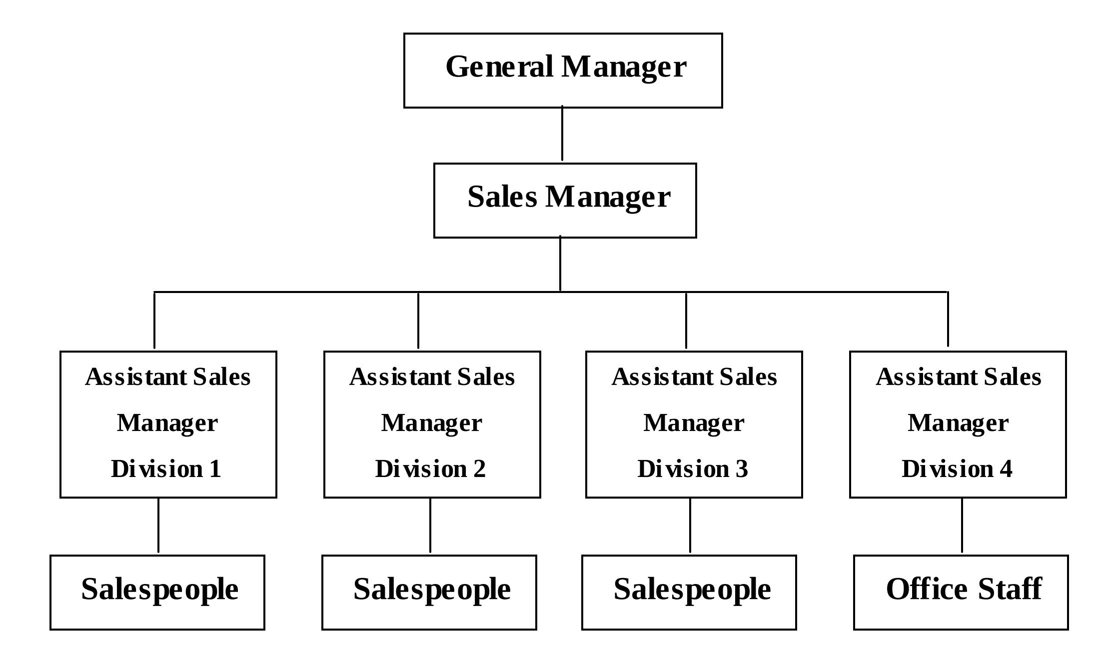
Responsibility is definitely fixed, and those charged ~with it also have the power to make decisions and to take action. Lines of authority run vertically through the structure, and all persons on any one organizational level are independent of all others on that same level.

The line sales organization sees its greatest use in companies where all sales personnel report directly to the chief sales executive. In such companies this executive often is preoccupied with active supervision and seldom has much time to devote to planning or to work with other top executives. Occasionally, however, the line sales organization is used where more than two levels of authority are present.

Figure (4-1) shows a fairly large sales department organized on the. line basis. The sales manager reports directly to the general manager, assistant sales managers report to the sales manager, and salespeople report to assistant manager~. Theoretically, there is no corss-communication between persons on the same organizational level. Contacts between persons on the same level are indirect, and are effected through the next: higher level of authority. For .example, the assistant sales manager of Division larranges to confer with the assistant sales manager of Division 2 through the sales manager.. Similarly, contacts of sales personnel with the office staff flow

up through the organization to the sales manager and back down through the assistant sales manager in charge of the office to the office staff.

Figure (4-1) Line types, of sales department organization



The basic simplicity of Line organizations is the main reason for its use. Because each department member reports to only one superior, problems of discipline and control are small. Lines of authority and responsibility are clear and logical, and it is difficult for individuals to shift or evade responsihi1itie~. Definite placement of authority and responsibility saves time in making policy changes, in

deciding new plans, and in converting plans into action. The simplicity of the structure makes it easy for executives to develop close relations with salesperson~. With this sort of working atmosphere, it is not surprising that executives who came up through a line organization are frequently very storage leaders. As the typical line sales department has few organizational levels, administrative expenses are low.

The greatest weakness of the line sales organization is that so much depends unon the department head. The head needs outstanding ability and rare qualifications, and should be well versed in all phases of sales management, for there are no subordinates with. specialized skills and knowledge to provide advice and assistance. Even if the head is an allaround expert, there is insufficient time for policymaking and planning since rigidity of' the line structure requires that a great deal of attention be given to direction of sales operations. Therefore the head often must make decisions and take action without benefit of planning and adequate forethought.. Under such conditions, results are often disappointing.

For rapidly growing concerns and for those with large sales staffs, the line organizational structure is usually inapp-ropriate. As the size of the department increases, new layers of executives must be added to retain the same degree of control.

Orders and directions must be passed down through a growing series of administrative levels. Managerial effectiveness becomes impaired and results are less predictable, as directions tend to become more and more distorted and garbled at each succeeding organizational level. Moreover, as growth proceeds beyond a certain point, earlier advantages of close relations among executives and salespeople are sacrificed, and maintaining morale becomes a greater problem.

There is a scarcity of executives who possess all the talents needed to manage a large-scale line sales department effectively, and line organization offers little opportunity for subordinates to acquire these skills. Ordinarily, the stakes are too high, except perhaps in the smallest companies, for management to gamble on the availability of a replacement at the time needed. Sound organizational practice dictates that trained understudies be ready to step into the shoes of their superiors. But more often than. not, chief sates executives in lines sales organization fail to groom their own replacements.

Line and staff Sales Organization:

The line and staff sales department is found most frequently in large arid medium sized firms, employing substantial numbers of sales personnel, and selling diversified

product lines over wide geographic areas. In Contrast to the line organization, the line and staff organization provides the top sales executive with a group of specialists-experts in dealer and distributor relations, sales analysis, sales organization, sales personnel, sales planning, sales promotion, sales training, service, traffic and warehousing, and similar fields. This staff helps conserve the top sales executives, time and frees them from excessively detailed work. They make it possible for their chiefs to concentrate their efforts where they have~ the most skill. If the top sales executive is not equipped, through prior training or experience, to handle certain problems, staff specialists give, considerable assistance in increasing. Overall effectiveness of the department similarly, by delegating problems involving considerable study or detailed analysis to staff executives the top sales executive has more time for planning and for dealing with higher priority matters.

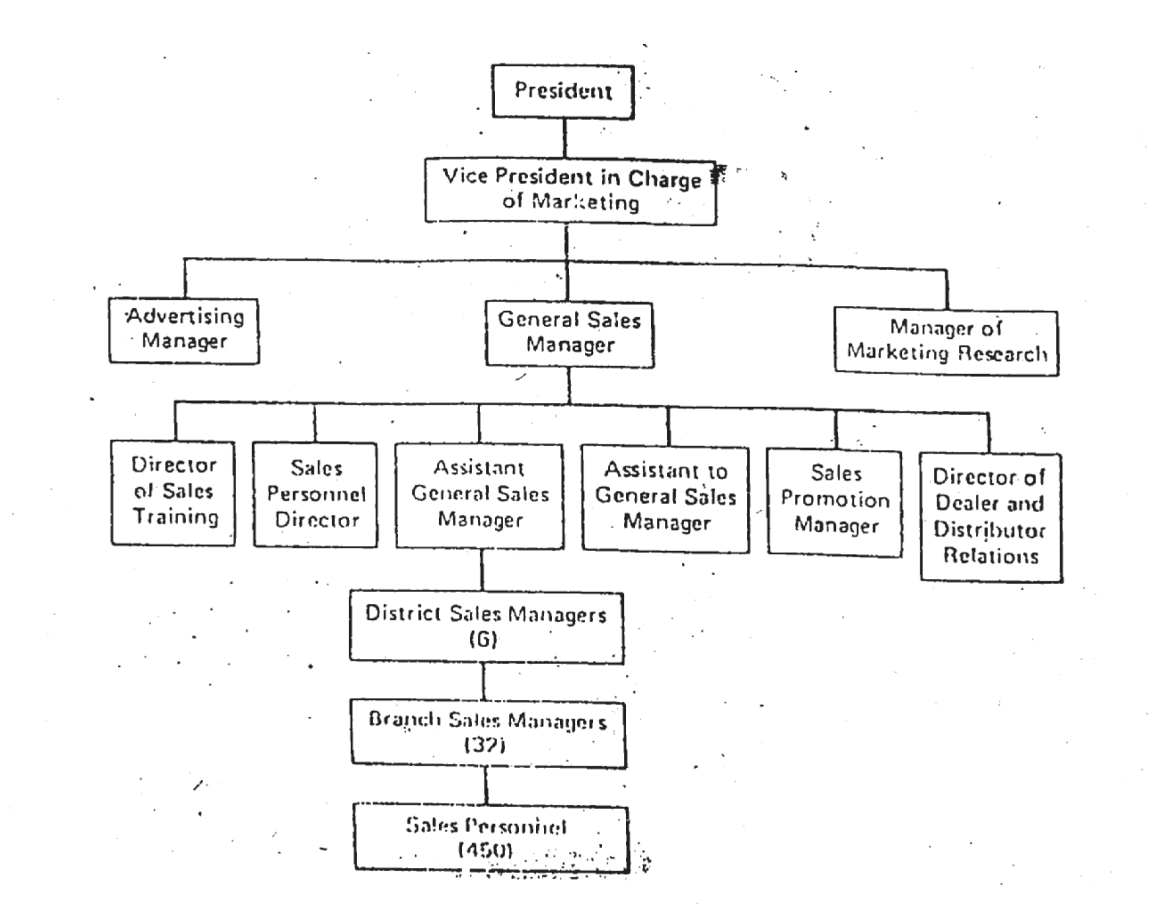
Staff sales executives have no authority to issue orders or directives to other executives or to salespeople. Staff recommendations are submitted to the top sales execut4.ves, who, if they approve, transmit necessary instructions to the line organization. Departures from this procedure are occasionally made. For example staff members may be authorized to deal directly with line executives regarding execution of plans and implementation of policies developed

by the staff and approved by management. Although staff members act on behalf of line sales executives in such instances, they assume joint responsibility for results. This departure from the normal procedure may be justified if it speeds the translation of staff plans into line action.

Figure (4.2) illustrates the line and staff type of sales organization. The general sales manager organization. The general sales manager reports directly to the vice-president in charge of marketing as does the advertising manager and the manager of marketing research. Six subordinates report to the general sales manager, but only one, the assistant general sales manager, is a line executive. Four of the five staff executives have responsibilities in specialized fields; the fifth, the assistant to the general sales manager, is given more general assignments.

Note the difference between the assistant to and assistant. The assistant to is a staff executive who is given a broader operating area than those staff executive who is given a broader operating area than those staff specialists with more descriptive titles. In contrast, the assistant has general line authority delegated by his or her superior; The assistant general sales manager is an understudy of the general sales manager ~ho performs assignments of a line nature in the name of his or her superior. The assistant to the general sales manager carries part of the general administrative load that would otherwise be P borne by the general sales manager.

Figure 4.2 Line and staff type of sales department organization



The advantages of the line and staff sales organization are mainly those of specialization.. The chief sales executive being realization. The chief sales executive, being relieved from much detail work, can take a broader view of the department. Problems now can be seen in clearer perspective and connections between apparently unrealted problems are brought into foucs. A pool of experts provides advice and assistance on questions that arise in specialized fields. Planning activities are subdivided and apportioned to staff members, and resulting decisions and policies should rest on a sounder base than in the line organization.

Meanwhile, the top sales executive can concentrate on control and coordination of subordinates. Staff members assume much of the burden of solving problems in the areas they cover. Thus, the top sales executive can devote more attention to the human. aspects of administration.

The specialization made possible by line and staff organization is also the source of its weaknesses. Work of the staff specialists must be coordinated, and such coordination is costly. Other administrative expenses may also increase, unless the number of staff executives is kept in line with departmental needs. The staff should be expanded only when it

can be shown that the contributions of new staff members will equal or exceed the costs of maintaining them.

Close control over staff-line relations is essential. If staff people issue instructions directly to line executives, it is difficult to prevent some persons from evading unwanted responsibilities. All areas in which line and staff executives share authority and responsibility should be duly noted in written job descriptions and in detail in the organizational manual. All other areas of responsibility and authority should be clearly delineated and assigned to specific individuals..

When the line and staff sales organization is used, the time interval between problem recognition and the taking of corrective action tends to widen. This results from the necessity for allowing staff executives time to study problems before making recommendations to the decision makers. This interval can be reduced by permitting staff planners to assist in expediting the implementation of the plan. But, as already indicated, this procedure may play into the hands of those wanting to evade responsibility. When time is important, though, it is wise to use staff people in this capacity. However, this feature also has its drawbacks. When salespeople take instructions from several sources, confusion may result, especially if experts overstep he limits of their authority. Then,

too, problems in maintaining contact with individual salespersons are multiplied.

Functional sales Organization:

Some few sales departments use functional organization. This type, derived, from the management theory originally developed by Frederick.. W. Taylor, is based upon the premise that each individual in an organization, executive and employee, should have as few distinct duties as possible. The principle of specialization is utilized to the fullest extent. Duty assignments and delegations of authority are made according to function.

No matter where a particular function appears in the organization, it is in the organization of the same executive. Thus in the functional sales department, the salespeople receive instructions from several executives but on different aspects of their work. Provision for coordinating the work of the functional executives is made only at the top of the structure; executives at lower levels do not have coordinating responsibilities. In contrast to the line and staff organization, all specialists in a functional. organization have line authority of a sort-or, more properly, they have what we referred to earlier as functional authority. Moreover, instructions, and

even polcies, can be put into effect with or without prior approval of the top-level coordinating executive.

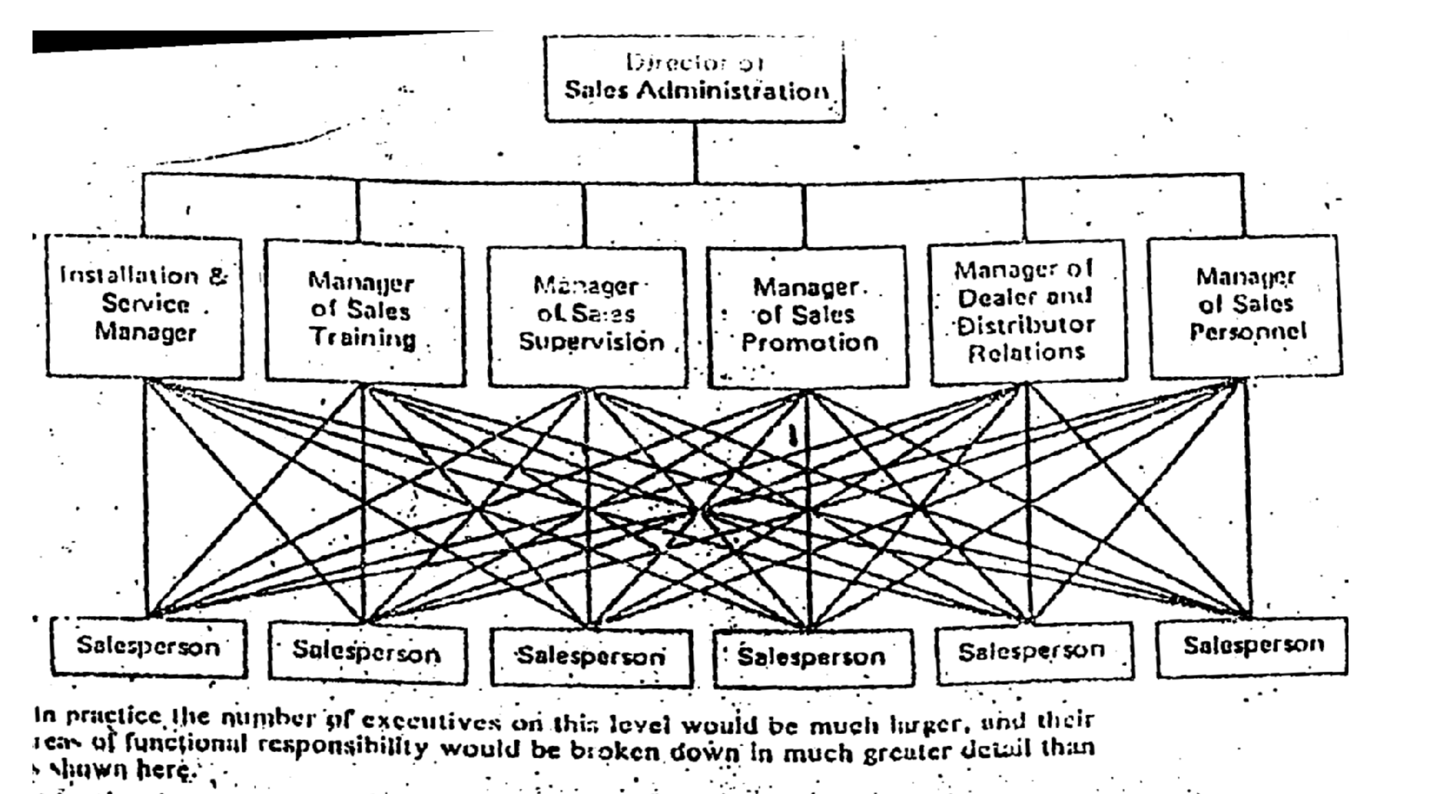
A functional sales organizational structure is shown in Figure (4.3). The coordinating executive' is the director of sales administration: all executives on the next level are specialists. As indicated, sales personnel receive instructions from six different executives.

The outstanding advantage claimed for the functional sales department is improved performance. Specialized activities are assigned to experts, whose guidance should help in increasing effectiveness of the sales force. The sheer size of the sales force in many large firms makes the highly centralized sales operations of a functional organization impractical. This limitation in the number of administrative levels may be traced to the requirement in the functional model for having a lone official to coordinate the work of the specialists. Most large firms find that more administrative levels are needed when the marketing area is extensive, when the product line is wide, or when large numbers of selling personnel are required. It is possible to use modified versions of the functional model versions providing for a modicum of decentralization and for more administrative levels-but in its pure form, at least, functional organization for the sales department is both

inappropriate and unwise.

The practicality of functional organization for the sales department is open to not find it feasible, or financially possible, to utilities the high degree of ???????? of labor. It is sometimes content that functional organization is suitable for large firms with stable operating and with opportunity for considerable division of labor; however, certain characteristics of functional organizational guse it to be rejected even by most large firms, large companies with stable organizations are the exception ?????????? rule.

Figure 4.3 Functional Type of Sales Organization



In practice the number of executives on this level would be much larger, and their areas of functional responsibility would be broken down in much greater detail than is shown here.

*A sales department using the functional type of organization would undoubtedly employ more than six salespeople. Only six are shown in this example, because of the difficulties encountered in depicting lines of authority for larger numbers.

Committee Sales Organization:

The committee is never the sole basis for organizing a sales department. Rather, it is a method of organizing the executive group for planning and policy formulation while leaving actual operations, including implementation of plans and policies, to individual executives. Thus, many firms have a sales-training committee (comprised of such executives as the general gales manager, his or her assistants, the sales training manager, and perhaps representative divisional or regional sales manager) that meets periodically to draft training plans and formulate sales training policies.

Implementation these planes and policies, however, is the responsibility or the sales – training manager, if the company has one, or of the line and/ or staff executives responsible for sales training in their own jurisdictions. Other committees found in sales organizations include customer relations operations personnel, merchandising and new products.

The use of committees in the sales department has certain advantages. Before policies are made and action is taken, important problems are subjected to deliberation by committee members and measured against their varied viewpoints. Committee meetings, where ideas are interchanged and diverse

opinions are present, promote coordination among member of the executive team. When problems are aired thoroughly in the give and take of committee meetings, cooperation is likely to be better than under any other organization plan. However, unless decision making and policy formulation are left to specific individuals. It is impossible to fix responsibility definitely. Because committees render their most important service. in providing focal points for discussion-of problems. and for the making of suggestions many companies prohibit committees from making decisions or formulating policies, No committee Should be allowed to develop into a vehicle for the evasion of responsibility by an individual.

For committees to operate effectively, other precautions are necessary. The agenda must be planned and Controlled to-avoid wasting time of executives not directly interested in the topics Considered. The tendency for committees to consume large amounts of time can be Counteracted if the chairperson keeps .the discussion focused upon the subject at hand. But the chairperson should not dominate committee meetings. Although chairpersons should guide discussions within specified bounds, they should not use their positions-to force their opinions on others.

Centralization. Vs. Decentralization Sales-Force Management:

It is revealing to note degree of centralization or decentralization evident in sales-force management. In the centralized organization, almost all activities, including sales-force management, are administered from a central headquarters. The central, sales office has full responsibility for recruiting, selecting, training, compensating, supervising, motivating, controlling, and evaluating the sales force. In the decentralized organization, in theory at least, all these activities are handled by field sales executives.

In practice, a decentralized organization is ore in which there is decentralization in management of various selling tasks and in performance of certain important personnel management activities. For example, branch or district sales offices may do the recruiting1, selecting, motivating, and sup-ervising the central headquarters nay handle training, compensating, and evaluating and the branches and the central headquarters may share responsibility, - in proportions varying with the marketing situation and management philosophy for other aspects of sales-force management. It is rare, in other words, for sales-force management to be either 100 percent

centralized or 100 percent decentralized. Management's appraisal of relative costs and effectiveness generally results in some aspects being centralized and others decentralized.

Centralization in sales-force management varies widely in different kinds of companies. Smaller companies that have few sales-people and confine their operations to a small geographical area, keeping the ~ of sale high, the sales—call frequency low, and the caliber of salespersons relatively high, incline toward centralized sales-force management. Manufacturing firms relying almost entirely upon specialized wholesale . -middlemen for marketing of their products needs only minimum sales forces and, therefore; tend toward centralization Local wholesalers with. restricted sales areas also have small sales forces and, by the very nature of their operations, are highly centralized. The principal factor determining centralization then, is a small size of sales force; but other marketing factors, such as those illustrated, also move a company -in this direction.

High decentralization in sales-force management is found mainly among companies with large sales forces. Likely to have considerable decentralization, for instance, is a manufacturing firm distributing a wide line of consumer products over a vest market area and- selling direct to varied

retailers- all conditions indicating the need for a large number of salespeople. Where're marketing conditions require large sales forces, the economies and effectiveness of decentr-alization are generally more attractive than those of centralization.

Other things being equal, there is a strong pull in the direction of sales-force decentralization as a company grows larger. -This is true even though decentralization requires at least one more level of sales management, and the maintenance of branch or district offices (or both) causes additions to other fixed Operating costs. With continuing growth, the advantages of decentralized sales—force management increasingly outweight the higher costs.-Among these advantages are.

1. More intensive cultivation of the market and, consequently, a higher sales volume to help absorb the higher fixed costs.
2. More effective Control improved supervision, and increased sales productivity resulting from the addition of at least one intermediate level of sales. executives, and from reduction of geographical separation of executives sales personnel.

3. Improved customer service stemming from more effective control of sales personnel.
4. Reduced need for and costs of territorial "break—in" time, since more salespersons :are recruited from the areas to which they are later. assigned.
5. Improved sales-force morale-there are more frequent contacts with executives, reductions in ravel time, and fewer nights away from home.
6. Lower travel expenses-salespeople are dispatched from decentralized points, and fewer field trips by home office sales executives are required.
7. A "built-in" management development program-branch and district of Fices not only provide realistic training but serve as proving grounds for future high-level sales executives.

Schemes For Dividing Line Authority In The Sales Organization.

As marketing operations become larger, line authority and responsibility eventually become excessively burdensome for the top sales executive, because of -the increasing number of people to supervise. Ordinarily, the first remedial step taken is to add a general line assistant, for example, an assistant

general sales manager. As the burden of line administrative work continues to grow, it is necessary to provide additional assistants. These new subordinates, technically known as limited line assistants, are given line ~ narrower than those of the assistant general sales manager. Although they work with a variety of matters, their assignments cover a limited area of operations. Tasks of line administration are subdivided among these new assistants in one of three ways: (1)-by geographic area, (2) by products, or (3) by customers or marketing channels.

Geographic Division of Line Authority

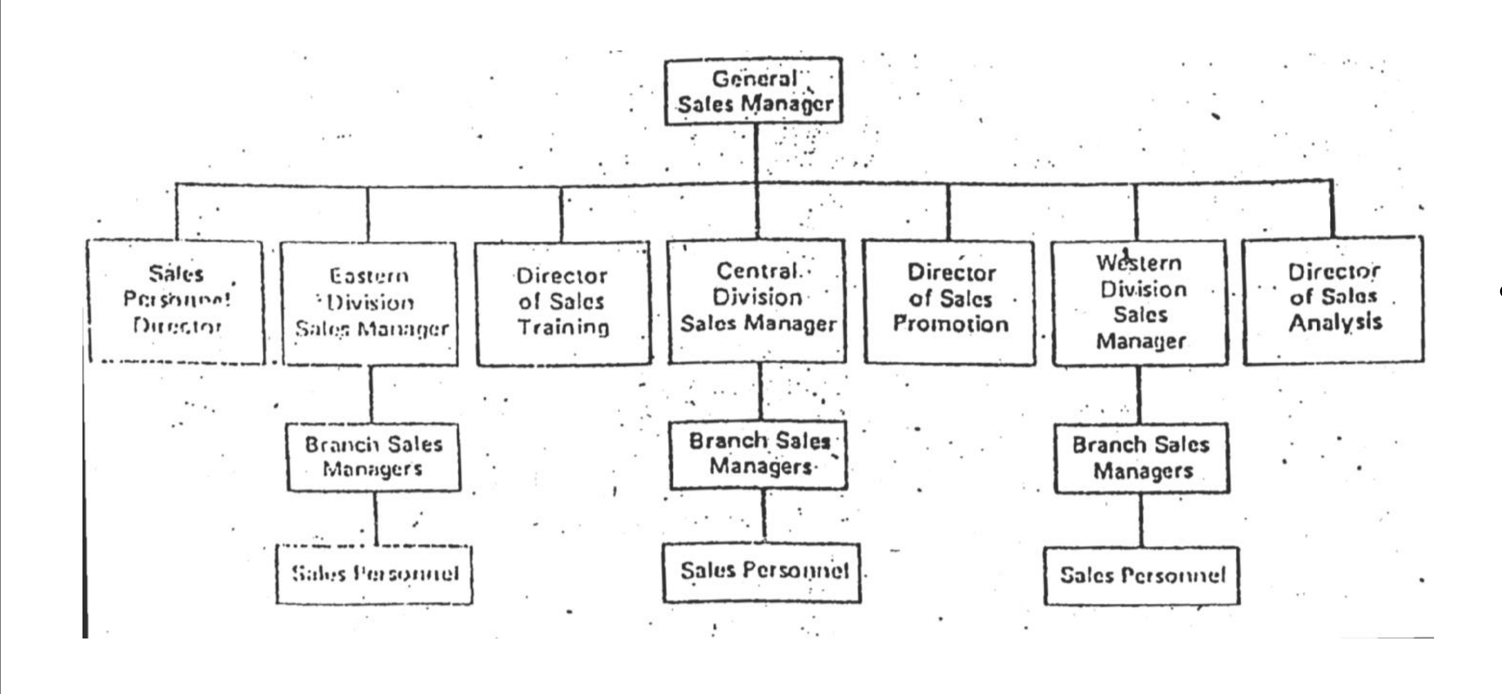
The large firm with far-flung selling operations is likely to subdivide line auth0ritygeographicallY (see Figure 4/4). This is particularly so if the characteristics of large numbers of customers vary according to geographic location, if different selling problems are encountered in different areas, or if certain products are more strongly demanded in some regions than in others. But there is a more compelling reasons for dividing line authority geographically as more customers are added and as a wider area is cultivated, the size of the sales task increases enormously, Setting up geographic divisions is a way of cutting the sales task down to manageable proportions.

When centralized administration become-s too great a burden for the top sales executive, secondary line executives are delegated authority to conduct sales operations within smaller areas. Geographic division is usually made first into rather large areas known as regions or divisions. These units may or may not be broken down further into districts or branches.

When line, authority is divided geographic ally, local problems can be handled speedily and effectively. It is not, necessary to wait for decisions from the home office; mahy questions of importance to customers can be answered by executives personally acquainted with local ‘conditions. Shortening the lines of communication makes possible closer supervision of salespeople, which, in turn, helps in improving customer service. Local markets can be cultivated more intensively, and tactics of local Competitors can be met and countered in. the field. The net result should be a strengthening of the company's position in all sales regions.

However, because this system calls for multiple offices, administrative expenses increase. Then, too, the top sales executive ‘faces the problem of coordinating several regional Operatic ns. Unless this coordination is effective , conflicting policies may develop in different regions.

Figure 4.4 Sales Department with line authority subdivided geographically

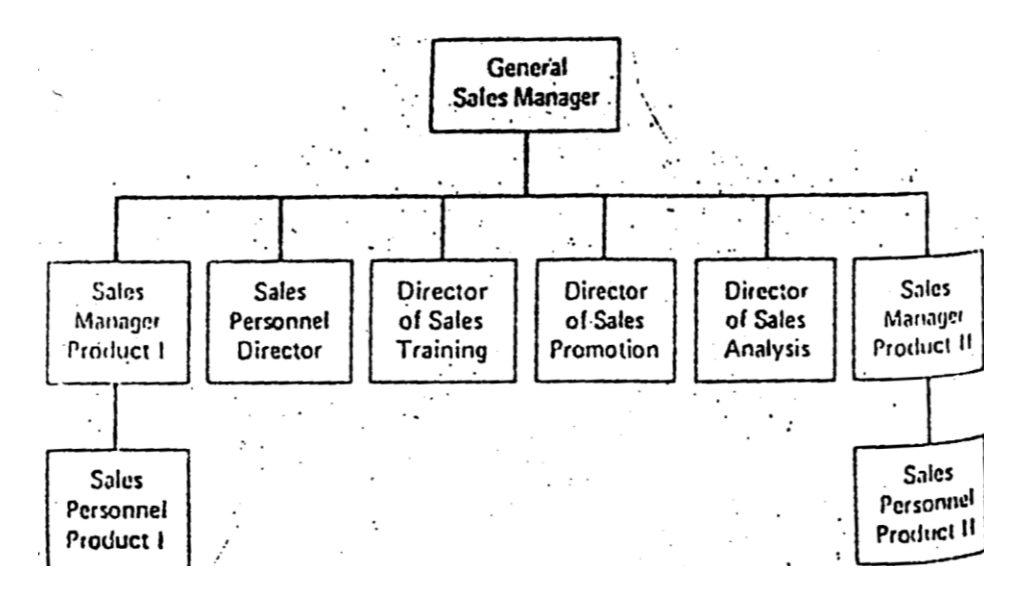


Product Division of Line Authority

A second scheme for dividing line authority is by products The sales task is split among subordinate line executives, each of whom directs sales operations for part of the product line. When authority is so divided, more than one sales force may be required. For example, some companies, product lines are too-wide to be distributed economically by a single sales. force. Others hell both highly technical and nontechnical products thus some salespeople need specialized training and some do riot. In still others, economies of a single sales force are reduced or eliminated because different products are marketed to entirely different types of customers.

Figure (4/5) and (4/6) illustrate two schemes for dividing line authority by products. In Figure (6/5), the customary line and staff organization has been retained in the primary division is on the basis of products, and each product -sales manager has his own staff of specialists. The use of separate staffs, shown in Figure (4.6) is rather unusual. Often this is an intermediate stage resulting from a merger .I3ecause of expenses incurred in maintaining duplicate staffs, most companies, after mergers, gradually change the organization to the basic line and staff from shown in Figure (4.5)

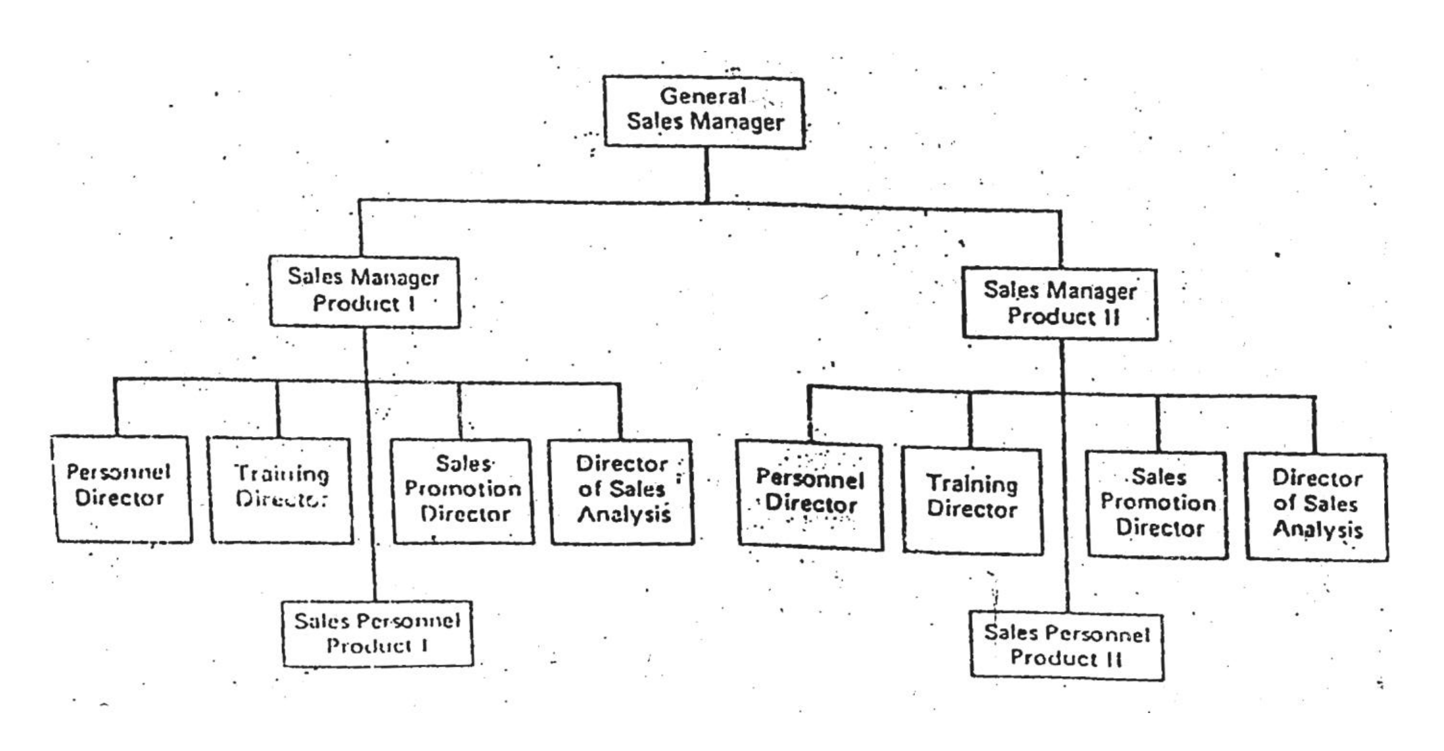
Figure. 4/5 Sales Department with Line Authority Subdivided by products, but Retaining Basic Line and Staff Form.



However, unless there are good reasons for retaining separate sales managements and sales forces, as will shortly be explained, line authority should be divided on some basis other than products.

The decision to use the product type of sales organization should be based chiefly on whether the benefits. of product specialization outweight the additional expenses associated with the use of specialized do not, it is wiser to organize the sales force on some other basis. Gains associated, who concentrate on selling specific products, must be weighed against -increased expenses. Maintaining more than one sales

Figure 4.6 Sales Department with line authority subdivided by product. Utilizing Duplicate Staffs

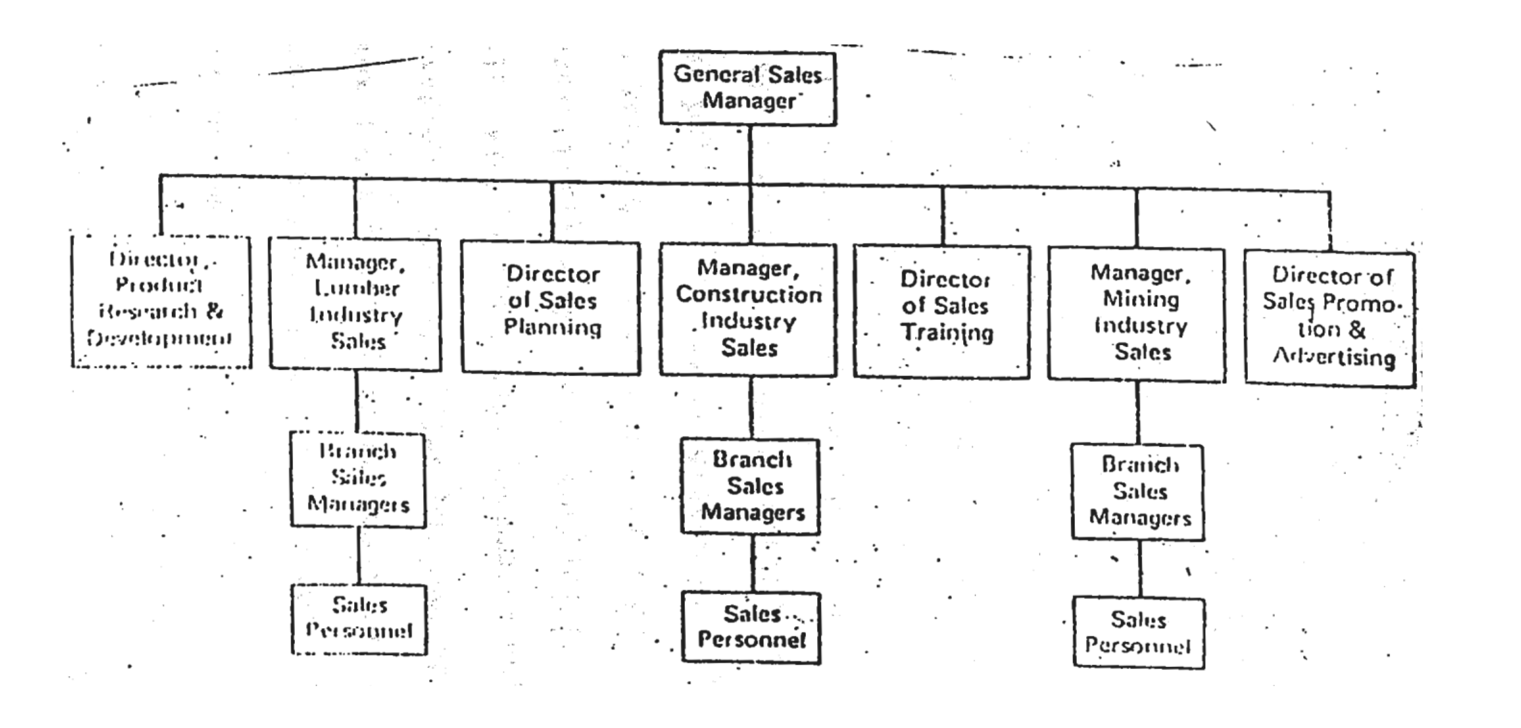


force normally results in higher administrative and travel expenses. There are almost certain to be times when two company sales personnel selling different products make calls on the same customers. Althol4gh specialized salespeople may give more " push" to individual products, many customers object to multiple calls from the same company. The benefits of specialized sales forces are greatest for companies selling - broadly diversified lines, reaching different markets with different products, and encountering unique selling problems for the various products.

Customer (or Marketing-Channel) Division of Line Authority.

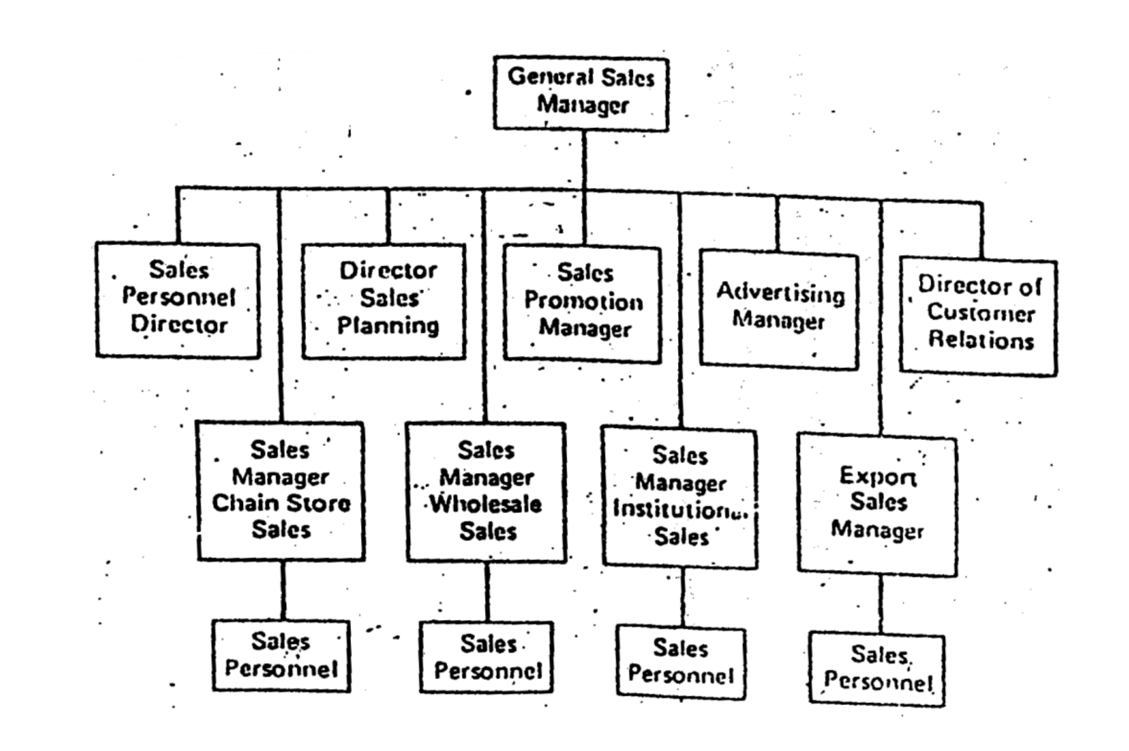
The third scheme for subdividing line authority is by type of customer (Figure 4/7) or marketing channel (Figure. 4/8). This scheme is appropropriate when nearly identical products are marekted to several types of customers and the problems of selling to each type are different. When the same, Or similar, products are sold to a number of industries, they often find different applications in each industry. The company in Figure 4/7 sells its products to the -lumber, construction,. and mining industries. In each industry, the products are used for different purposes, Customers not only have different needs, they are influenced by different buying motives. Thus, special sales forces were organized to sell to each major type of customer.

Figure 4.6 Sales Department with line authority subdivided by type of customer



Other companies, especially in the consumer-goods field,~ pattern their sales organizations after the principal marketing channels. Although ultimate consumers may be substantially alike, they frequently must be reached in different ways (that is, they may buy the product indifferent types of outlets). Problems of distributing to chain stores are often unlike those of selling to independent wholesalers and retailers and specialized sales training programs are often required. In cases of this kind, the problems of selling vary more with the marketing channel than they do with the product or geographical location; consequently, line authority is subdivided according to the different marketing channels.

Figure 4.6 Sales Department with line authority subdivided by marketing channle



Dividing line Authority on More Than One Basis:

Few companies use a single basis for subdividing line authority. Most use a combination, subdividing the selling task more than once, to permit greater specialization. Nearly every large sales department subdivides authority on the geographic basis• at some level of organization, ‘but this is done usually in combination with either the product or type-of-customer system, If geographical differences are more important than those of product or type of customer, the primary subdivision is geographicaly the next, at a lower organizational echelon according to one of the other bases. If geographical differences are of lesser importance, the procedure is reversed . The factor most -important- to the marketing success of the company should form the basis for the first subdivision, and less important factors should determine subsequent breakdowns at lower organizational echelons.

Chapter 5

Quantitative Techniques For Sales Management

First, the firm needs a mission and a set of objectives to give it a sense of direction and to enable management to assess the firms success these vary with the state of the economy and the needs and goals of a particular company.

The objectives, in turn, lead to a consideration of specific strategies that can be employed to reach the firms goals and objectives.

Strategies are plans of action that tell managers what to do and Howe to react to actions of competitors, sales strategies deal with the size of the sales force, call frequencies levels, sales force experience, products topush, selection of motivational tools, and organizational structure.

Next, the strategic plan must be converted into an operating budget. Budgets are the working documents that help sales manager keep track of what and how well the fild staff is doing. Actual results can then comperd to budget figures, and any change in the objectives and strategies planned for the subsequent period can be recommended.

Market Share Strategies:

Four market share strategies that can be used when planning for individual products or products line include:

Build-emphasize growth situations.

Hold-protect existing products.

Harvest- reduces costs and maximizes profits.

Divest-sellff losers.

A build strategy is concerned with enhancing sales revenues.

This applies to market leaders or stars and developing products. Starshave larger market shares and the task is to protect them as they mature.

Sales increases for stars are usually associated with growth in the basic demand for these items.

Hold marketing strategies are employed with mature cash cows that spin off revenue for use with developing the idea is to keep bringing out product variations and improvements to maintain customer interest.

Strategies that emphasize harvesting attempt to reduce costs and increase profits as products are phased out. The divest marketing strategy seeks to sell off product lines that have poor growth and market share growth.

2- the strategy of sales force size:

Once sales managers decide to hire salespeople, a

strategy is needed to determine the proper size of the sales force. The decision is complicated by variations in territories, salespeople, custtomerand compensation plans.

However, a rough estimate of the number of personnel needed can be obtained by looking at three different strategies that consider both costs and number of customers.

The " What can I afford" strategy:

The size of the sales force is often a compromise between the total number of people needed to call on all existing and potential customers and what the firm can

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The " what can I afford " strategy:

The size of the sales force is often a compromise between the total number of people needed to call on all existing and

potential customers and what the firm can afford.

An example of determining how many salespeople a company an afford to hire involves a computer firm with 20 million L.E. in sales that allocates 6 percent of revenues for field sales activities.

The number of salespeople to hire could be derived as follows:

20.000.000 expected sales

× 0.06 field sales expense ratio (wages, commissions, and travel expenses)

1.200.000 sales Budget

× 0.85 percent for salespeople (i.e. 15% for supervision)

1.020.000 available for salespeople.

Pounds available	1.020.000	= 20
Wages and expenses per sales person	51.000	(Number that can be hired)

Of the 1.2 million pounds expected sales budget, about 1.020.000 pounds would be a available to hire salespeople after supervisory expenses had been deducted. If a salesperson

costs an average of 51.000 pounds per year for wages and expenses, then the company could afford to hire a total of 20 people.

This approach has the advantage that costs will be line with current salesfrom the outset, and the company needed not wait until some future time before expense to sales ratios are reduced to acceptable levels through sales growth.

The main drawback to this strategy is that it does not consider market potential or customer needs.

Work load strategy:

The work load approach to determining the size of the sales force is based on decisions regarding the frequency and length of calls needed to sell to existing and potential customers. An estimate of the total number of salespeople required using this approach can be made with the formula:

$$\text{Of Salespeople} = \frac{\text{(number of existing customers + number of potential customers)} \times \text{(Ideal frequency of Calles} \times \text{Length of call)}}{\text{Sellingtimearailable from one salesperson}}$$

For example, if the computer firm had 3000 existing customers and 2250 pontential clients to be called on five times per year for 2 hours (including travel time) and available selling time per sales person was 1500 hours per year, the size of the sales force would be:

Number of salespeople = ((3000+2250) × 5 × 2) / 1500 = 35 salespeople.

This estimate of 35 salespeople is based on the assumption that the desired frequency and length of calls are the same for all customers. If it is decided that these should vary according to the size and type of customers, then the formula can be modified accordingly.

For example, suppose the computer company had 750 large present and potential customers that needed 12 calls per year, 1500 medium-size firms that needed 8 calls per year and 3000 small organizations that needed 3 calls per year.

Under these conditions the size of the sales force would be:

Number of salespeople=

((750×12) +(1500 × 8) × 2 hours per call

1500 Available hours per salesperson

= 40 salespeople

Further adjustments could be made if existing and potential accounts required different call frequencies perhaps the biggest weakness with the work load strategy is failure to consider the costs and profits associated with different level of customer service . since the ideal call frequencies used in the model are based on judgement, the work load approach finds the number of salespeople to cover the market, but it dose not lead to an optimum solution.

An alternative approach considers what happens to sales and profits over time as existing territories are divided to make room for more salespeople.

International strategy:

Experience has shown that as firms add salespeople within an existing trading area, the increase in new business is usually smaller with each new potential accounts dose not change.

The is, eventually all prospective customers are adequately covered, and sales do not increase a selling experiences grow.

The situation suggests that salespeople should be added

until the gross profit on new business is equal to the costs of developing another additional sales staffing varies over time and among salespeople, firms must continue to monitor sales activities closely and determine whether they are approaching the point where costs exceed potential benefits.

Responses to sales efforts can be estimated by looking at the performance of several sales districts at a particular time.

Multiple Regression Analysis forForecasting sales performanceAllocation of market budget:

Multiple regression Analysis is considered to be one of the most commonly used statistical analysis techniques for mounting and sales managed for research purpose.

It is estimated that it is used in amount 60% of a cadmic and professional marketing and sales studies for different purposes. It can a attributed to its relating ease of use and interpretation of outputs.

In addition to that, these is a clear tolerance by the technique for solution of its assumptions through it must be underlying Complies with to a minimum reasonable extent.

The general formula of the multiple regression analysis model as follows:

Y=a+b1x1+ b2x2 ………… bnxn+ t

Using multiple regression analysis necessitates some data profiles most importantly that the dependent variable(y)And independent variables (Xn) one metric and that the relationship between the dependent variable and the independent variables is linear and that there should be no correlation among

independent variables multi collinear and that all variables should exhibit a normal curve pattern (Normality) and that there should be no systematic correction among standard error data or autocorrect in fact it is quit unusual that all these assumptions are totally fulfilled in most markets and sales phenomena. Nevertheless as previously mentioned it is sufficient that a reasonable level of these assumptions are completed with a reasonable extent to producemeaningful results of multiple Peg resson Analysis Apart from tlat, there are otler al gorithms of multiple peg rosson Analysis rlot express nonmekicdara and Nonlinear relationships. The following is a practical example of how to use and interpret multiple regression Analysis for mavety and sales monogenetic purposes.

Mer cedes Benz company for passenger lauro mobiles has conducted a structured – questionnaire- Based – Surrey on 2000 of its customers in the middle East Pegion.

The purpose of the marketing Research study waste examine the relationship between customer sates fashion and some marketing mix variables. All variables were measured using afire- Point livent interval scales, the following multiple regression Equation and its Supporting Computations were as follows:

Y= 1.2 + .s X1 + .2 X2 + .4 × 3+.7 X4

R2 (coefficient of Determination) = .77

F = 32.3 sig. F = 3. Bb

T srodisral Test Results

Voidable	T	Sig. t
X1	3.35	1.65
X2	3	2.72
X3	3.12	1.85
X4	3.86	.86

Where:

Y = Customer Satisfaction

X1 = New Poduet designs

X2 = Price discounts

X3 = Promotion of Campaigns

X4 = After – Sale services.

Required:

Use the multiple Regression equation to interpret the

relationship between customer satisfaction and the designated marketing mix variables for Mercedes Benz Company in the middle East.

If Mercedes Benz Mother company has determined a mannerly budget of one million Euvros for its marnety activities in the middle Eosr, low Lan you adopt the abore multiple Regression Equation to allocate the budged across the designated marvels mix vonables to achieve the highest possible leml of customer satisfaehon.

Solution: Requirement 1:

The frestindieotes that there is a very high level of Geneses of model in the multiple Regression model this means that the model reflects the reality of the reinhionshgs between the designated marketing mix variables and Customer sates faction for Mercedes Benz Customers in the middle Eosh Since Computed F = 32.2 is extensively greater thon sig. f = 3.66.

The Coefficient of determine – anion (R2) expresses those Conclusion that the explanatory pouen of the multiple Regression model is 77%.

This means that the model explains 77% of the venation in Customer Satisfaction levels of Mercedes Benz automobiles in the middle East through the designed marketing mix

Valuables.

The intercept of the multiple regression equation which is 1.2 reflects that the minimum level of customer satisfaction that con be attained disregarding the level of marking activities done by Mercedes Benz campaign in the middle East is 1.2/5.

The Slopes of independent Variables as expressed by regression coefficients and their Significance levels as expressed byte Statistical test table indicate that after – sale services is the most in fueling and significant determinant of customer satisfaction as the dependent Variable (.7) Followed by new product designs (.5), Promotional Computers (.4) and price dis counts (.3) respectively.

Requirement 2:

Controllable Marketing Budget = 1000.000 X .77 = 770.000 the remaining pout of the Budget is on expression of the unexplained residual or stouter error which requires further research or relying on marking experience and judgment.

New product design Budget

$$\frac{B\ for\ New\ product\ dosing}{Sum\ of\ Bin\ (Coefficiets\ of\ Regression)} \times Contollable\ Bulget$$

$$= \frac{.5}{1.8} \times 770.000 = 213888.82\ Euros$$

$$(.5 + .2 + .44.7$$

Following the some statistical logic for the rest of the designated marketing mix bondable representing the multiple Regression equation independent Variables. The determined monthly budge will be allocated as follows:

Pice discounts Budget $= \frac{.2}{1.8} \times 770.000 = 85555.5 \propto 7\ Euros$

Promotional Camping's Budget

$= \frac{.4}{1.8} \times 770.000 = 299444.37\ Euros$ After Sale Services Budget $= \frac{.7}{1.8} \times 770.000 = 299444.37\ Euvos$

It should be noted that the apposed allocator of the marketing budget is not in Compliance with the theokical Statistical logia of multiple Regression Aloysius By this token, the whole murkily budget must be allocated to the indigent violable with the highest leml at regression Coefficient (B) which in this case is the after – sale services to yield a maximized level of customer sates fiction. Towered, such stotishicl procedure contra rets Common marketing and sales

manhunts sense that is due to syreg.es among marketing mix bales, i.e, multicollireantg in statistical rearms. A accordingly, it is impractical Scientifically and practically to allocate the whole marketing budget on one mounting mix viable irrespective of its relative importance and magnitude. Such variable con rever fulfill its contributions in isolation from other marketing budget seeks to accomplish the highest appropriate level of Customer Satisfochia exclusively. If it le came desirable at reach marketing and sales management ends, the other multiplayer session equations must be devalued. Further more, if a ballooned portfolio of making and sales a genders are tonged, then amine sophisticated technique must be used Such as path Analysis and lord Structural Equation moodily which aim to solve Seoul dependence equations in simultaneous on consecutive algoriths.

Factor Analysis for Managing the Underlying dimensions of sales performance:

Doctor Analysis is a technique told aims to focus the rubber of marketing and sales bondable into a group of major fetors, i.e., a reduction technique . these variables reflect the underlying digressions of each factor through principal

components analysis. This Kind of analysis derrises a varimax rotation procedure which relies on computing all possible a alternative Combinations and subsequently pelvis up the highest resulting foetor loadings to identity all the mojo factors and their subsistent variables as their constituents. This technique necessitates that all variables are measured in a metric method Using inker Val Scaling. A general benchmark Value of (.5) is Considered to be the yardstick studentd to indicate the significance of factor loadings, Ne ruthless, rtat lover leers of footor loadings might be accepted contingent on study purposes, Sampling plan and measuneuet processes.

In addition to the Common factor Snalysis format there is more powerful confirmatory factor analysis format. Factor analysis is mainly used to test the construct validity of used meosurenat Scales a pant from revealing the underling dimensions of marketing and sales phenomena and variables. Factor Analysis has become otter the post two decades on integral pait of most marketing research of high quality at almost a pale of 90% since 2005 as estimated by the European Society of Marketing Resect (ESOMAR) the following is a practical example of using factor Analysis for sales Performance management purposes:

The following table depicts an output of factor Analysis of

perceived quality of marketing mix for a fast food chain.

This factor analysis resulted from a survey distributed to a representative sample of 1200 fast food chain Customers in Greater Cairo and Alexandria Using a fire – point liken interval Scale:

Factors / Valuables	Factor One	Factor Two	Factor Three	Factor Four
Food Quality	.91	.33	.07	.03
Menu Variefy	.67	.49	.18	.31
Pocriaging	.75	.25	.29	.12
Value tor rloney	.12	.88	.31	.09
PniceDisounts	.23	.71	.16	.41
Geo graphical Corerage	.42	.12	.86	.22
Brocheslayour	.20	.16	.56	.26
TvAderfising	.18	.36	.26	.77
Ourdoors	.32	.22	.34	.99
Sroff Courtesy	.27	.13	.17	.91
E iferenevolues	3.25	2.2	1.8	2.75

% of Vaniance	30%	19 %	15%	20%
				8.7%

Required:

Use factor Analysis to evaluate the Construct validity of used measurement Scales for perceived quality of marketing mix for the fast food chain restaurants.

Interpret the four factors resulting from analysis and their relative importance as main components of the perceived quality of marketing mix for teleost food chin under resemble.

Solution:

Requirement 1:

Since all valuables Composing east factor are those that are greater than .s which are consistent with those quashes that aimed to measure each major factor of the marketing mix. Such consistent implies the construed validity of used measurement Scales to reflate perceives quelling of marketing mix of the fast food chain as follows:

Factor one consists of food quality (.91), presaging (.75) and menu basicity (.67) respectively which can be labeled the

"Product" factor.

Factor two consists of blue gore money (.88) and price discounts (.71) which can be labeled the "price" factor.

Factor there consists of Gooey graphical coverage (.86) and branches layout (.56) respectively which can be labeled the place' or "Distribution" factor.

Factor four consists of staff cutely (.91), TV advertising (.77) and Outdoors (.66) respectively which can be labeled the "Promotion" on "Integrated" marketing Communications (IMC) factor.

Requirement 2:

The four factors reflect collectively Perceived quaking of the marketing mix of the fast food chain.

Eugene bales indicate tlad the "Product" foe ton is the most signifentunderlying dimension of Received quality followed by the promotion factor (2.75), the "price" factor (2.2) and the "place" factor" (1.8) respectively.

The % of Venation that their factors as presently measured represent 87% of the underlying .

Dimensions of the Venation in Deceived quality of the marketing mix of the Fast food chin.

Chapter (6)

Recruiting and Selecting Salespeople

Introduction:

Chapter Outline:

I . Selecting good salespeople is so difficult.

II. Steps in the recruiting and selection process.

1. Analyzing sales jobs.
2. Job qualifications.
3. Recruiting candidates.
4. Selecting prospects.
5. Validating the hiring process.

Recruiting And Selecting Salespeople

I. selecting good salespersons is so difficult task:

There are three reasons behind this difficulty. These are:

(a) The pressure to fill open territories.

(b) Sales jobs require more creative skills that are more difficult to be obtained.

(c) Predicting future behaviour is always difficult, and each of the methods available for selecting a person is inadequate for evaluating all the qualifications of a candidate.

II. Steps in the recruiting and selection process:

The recruiting and selection process has five steps. These are as follows:(Fig. l)

1. Analysing sales jobs.
2. Sales job qualification.
3. Recruiting candidates.
4. Selecting prospects.
5. Validating the process.

1. Analyzing sales jobs:

Before recruiting new salespeople, managers should identify the activities, tasks, and responsibilities to be performed by their sales representatives.

If a Company is new:

- Sales and marketing plans should be reviewed to state the role of the sales force.

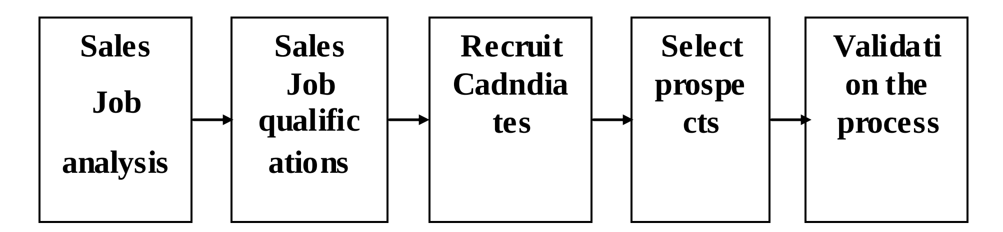


Fig. (1) :Steps in the. recruiting and selection process

For an existing Company:

- Beside reviewing sales and marketing plans.
- Analysing a selling position by sending an observer into the field.
- The observer can record the amount of time spent in talking to customers, traveling, record keeping, betting up displays, and attending meetings.
- Interviewing customers, using daily diaries, and reading

sales reports.

The person who carries out the job analysis should speak with sales managers to determine what the job should entail, and with salespeople to state what is actually being done. This can serve as~ a "reality check"on management'S assumptions.

Gathering information necessary to carry out job analysis may take a lot of time and result in the accumulation of useful information. However, a job analysis produces a job description.

The Job description:

A job description is a written document that describes the job relationships and requirements that characterize each sales position.

The Job description shows:

(a) To whom the salesperson reports,

(b) how the salesperson interacts with other marketing people,

(c) the customers to be called on by the salesperson,

(d) the specific task to be carried out,

(e) the mental and physical requirements the job; and

(f) the types of products to be sold.

2. Job qualifications:

Job qualifications explain the aptitude, skills, knowledge, and personality traits necessary to carry out the job successfully. Job qualifications include education, previous work experience, technical experts, aptitudes, and interests. These qualifications should be considered as selection criteria that help sales managers to select the best prospects from those who apply.

One way of determining job qua1ifications is to analyse the job description. Another way is to evaluate the personal histories and skills of current salespeople.

The qualification profile:

The qualifications necessary to succeed in sales will vary from one job to another and from one firm to another. All sales positions will need a degree of experience, intelligence, selling aptitude, positive appearance, sociability, leadership ability, and self motivation. However, the qualification profile should state what characteristics are most important when filling an open sales position.

Therefore, a sales manager should analyse the unique requirements of each sales position, rather than using general

guidelines regarding salespeople.

Personality traits:

Personality traits are important caiteria for hiring salespeople. They include many factors such as maturity, attractive appearance and cooperativeness.

Although these traits are well developed by the time, other hiring criteria, such as selling skills and speaking and writing ability, reflect personal traits that can be improved with formal education and sales training programmes.

The main problem in using personality traits as recruting criteria is:

(a) Knowing which traits are appropriate to a certain task,

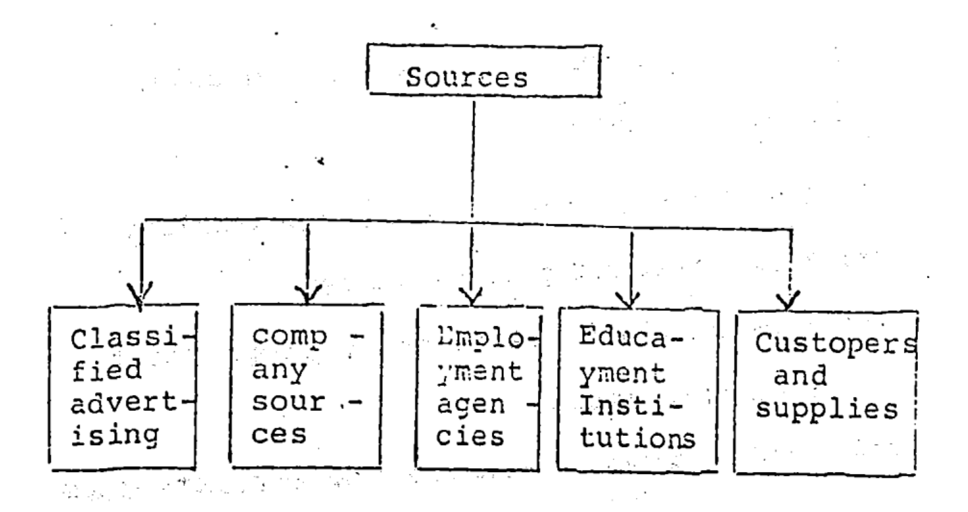
(b) Finding ways to measure and evaluate them effectively.

B . Recruiting Candidates:

Recruiting is the process of finding and attracting the best qualified candidates f or sales positions. Sources of applicants vary widely, depending on the job to be filled and the past hiring success. Educational institution, employment agencies, present employees and people working for other firms in the industry are popular sources for sales jobs.

Sources for salespeople:

The following figure Shows the various sources for salespeople. These include:



Fig(2) Sources for Salespeople

(a) Classified advertising:

Advertisements in newspapers and trade journals are often Used to attract salespersons. Classified advertisements have a umber of advantages and disadvantages. Advantages: among these are:

(1) Reaching a wide audience and attracting candidates who are not actively looking for a job.

(2) Advertisements in national media identify the company, product, and Location, and they state the background and experience required to fill the job.

(3) Helping prescreen candidates and reducing the number of resumes that have to be examined and evaluated because of self selection.

(4) A firm with high turnover rates, advertisements have proven to be effective.

(5) Advertisements can he maze as often as needed and generate a good supply of candidates.

Disadvantages axe:

(1) Attracting unqualified candidates, resulting in a costly screening process.

(2) Producing a high cost per hire.

(b) Company sources:

1- Present workers often act as a good source for salespeople. They are familiar with the company's products, markets, and procedures and do not require as much training as candidates recruited from outside sources.

2- References from present managers and salespeople are a valuable internal source of recruits. Managers and

sa1esperson~ have a wide social contacts and often meet individuals who make good potential salespersons for the sales team.

(C) Employment agencies:

Employment agencies are oftenly used as a source of salespeople. They advertize, screen resume, interview cardidates, and select qualified applicants. This source is popular because it can save busy sales manager time and money.

(D) Educational institutions:

In the recent time, there is a great trend toward hiring college graduates for sales jobs. College graduates tend to be more easily trained and are mature than persons without college training.. They know how to budget~ their time and have the requirements needed to carry out a job.

However, college students usually lack sales experience and need considerable training. They expect to be promoted rapidly to higher positions in management.

(E) Customers and suppliers:

Customers and suppliers may also be a sou7rce of

salespeople. They are familiar with the business and the company, and may know what is expected of a salesperson. They may also be a good source of referral for salespeople with other companies.

4. Selecting Prospects(1):

The selection process:

After recruiting a group of sales candidates, managers must screen out applicants who do not meet the hiring criteria. The selection process begins with evaluating application blanks and resumes and proceeds to interviews, background checks, and physical examinations. Compared with a set of job qualifications, applicants who meet the qualification get job offers

and those who fail to meet these qualifications are rejected. Figure (3) identifies the steps in the selection process.

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(1) D.J. Dalrynple and W.L. Cron, Sales allegiant Concepts and Cases, 4th . edit., Join Willey and Sons, Inc., N.Y., 1992, pp. 339-407.

A . Application forms:

An application form is a popular way to gather personal-history data about candidates. It is easy to fill out an application form because it requires little time and the information needed is usually in a standardized format.

Three types of information found on application forms:

These are:

(1) The level of the candidate's writing.

(2) The educational background of the candidate.

(3) The post employment record of the candidate.

B . Personal Interviews:

The personal interview is an important part of the selection process for all sales jobs since interpersonal skills are so important in making sales.

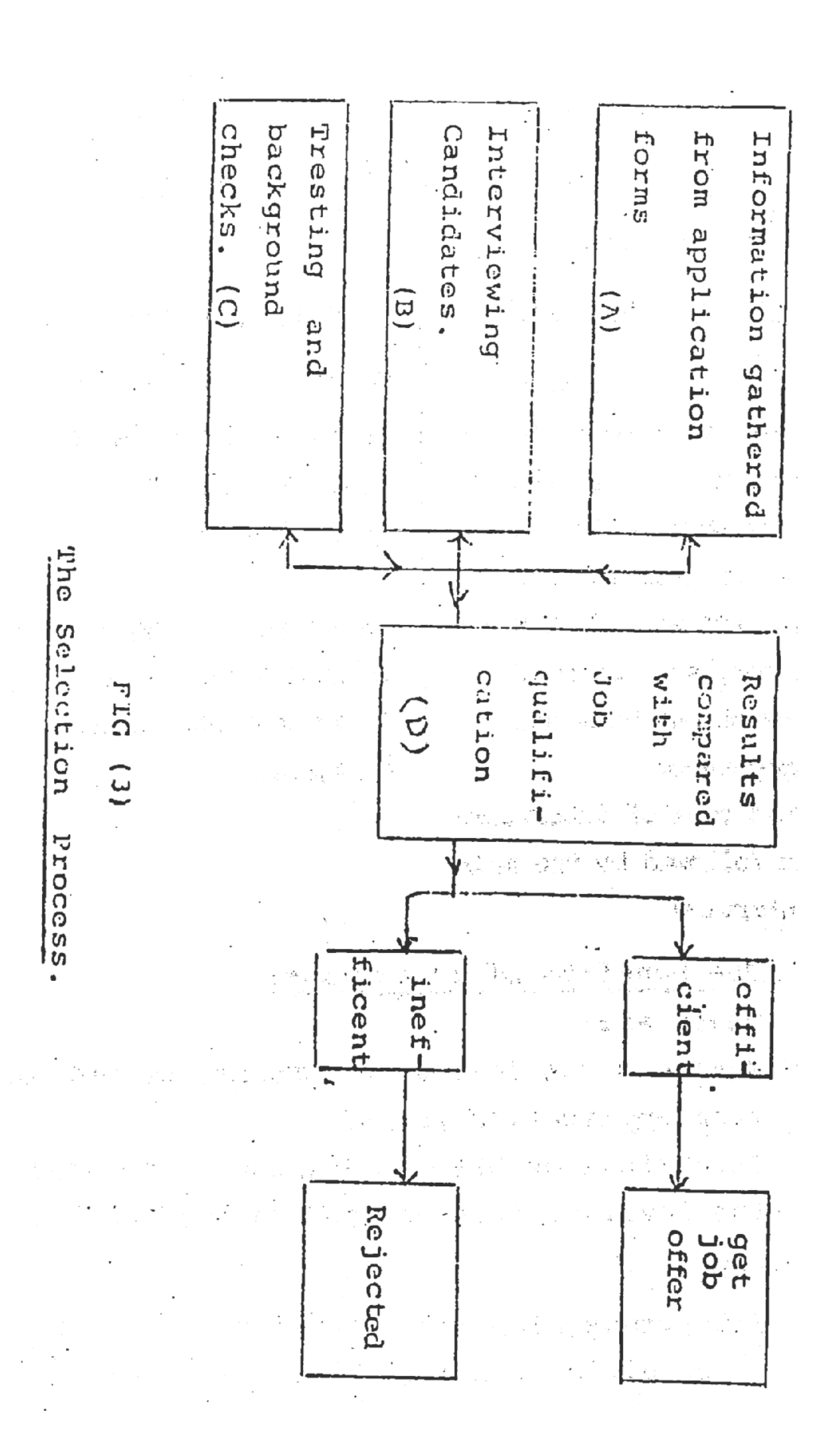


FIG (3)

The Selection Process.

Interviews are used at two levels:

These are:

Initial interview:	Main interview
- Is used to inform cardidate about the job and state characteristics that would eliminate a person from further interviews and examinations, such as poor speech patterns and appearance. - This type of interviews is followed by the main interview.	- A candidate is interviewed to identify people who meet best the job qualification. - This type of interviews may include a series of interviews with sales managers.

The benefits of interviews:

These are:

(1) Managers can follow up information obtained from application forms.

(2) Interviews enable sales managers to assess the level of interest and desire for the job.

(3) Interviews also allow managers to assess a recruit's

speaking ability and appearance.

Types of interviews:

There are two main types of interviews: structured interview and field interview:

Structured interview:

The most common type of interview is a structured one in which the sales manager ask~ the prospect a set of quitters and records answers on a form. The main benefit of a such structured interview is that it facilitates comparison between candidates when more than one person is conducting screening interviews. Howevery interview is a subjective process and there will be mistakes. One way to eliminate such mistakes is to train sales managers on what questions to ask, how to ask each question, and how to rate applicants.

Field interview:

It is a special type of interview that includes taking candidates out to observe a day of field sales work. The main advantage of the field interview is that candidates see exactly what the job entails, and those who feel they aren't likely to measure up to the challenge can eliminate themselves before being hired.

C. Background checks and testing:

Checking resumes

In order to make sure about the educational and work experiences of applicants, sales managers should find a way to check their resumes. A failure to check resumes results in hiring overpaid and unqualified salespersons.

Two ways can be used to check backgrounds of applicants. These are:

(1) Making some telephone calls to verify facts on candidates firms are interested in hiring. Experiences and degrees earned can be readily checked.

(2) Hiring a specialist firm to check resumes of ‘the applicants.

Testing:

Tests are used to help select field salespersons. They can identify candidates with sales skills such as ability to communicate with customers and motivation to please others.

Tests are of three types:

(1) Intelligence tests: are used to. decide if an applicant has the necessary mental capacity to carry out the sales job.

(2) Aptitude tests: are used to assess an applicant’s interest in and capability to perform specified tasks and activities.

(3) Personality tests: are used to measure a variety of personal

characteristics related to success in sales such as empathy, achievement orientation, and power.

Physical examination: is the last step in the selection process. Field selling oftenly involves travel and salespersons are normally faced by a lot of stress and frustration. Therefore, the sales manager wants to be sure that the candidate is healthy and has the physical power needed for the job.

Validating the hiring process:

It is the last step in the hiring process. It involves validating the relationship between the selection criteria used by the firm and success on the job.

The main benefit of the validation process is to build a profile of the successful salesperson that can be used to select potential salespeople.

Chapter (7)

Sales Training

Introduction:

Although the specific objectives of sales training may vary from firm to firm, There is some agreement on the broad objectives. Sales training is undertaken to increase productivity, improve morale, lower turnover, improve customer relations, and produce bettern management of time and territory.

Increase Productivity:

One objective of sales training is to provide trainees with the necessary skills of their selling performance makes a positive contribution to the firm. In a relatively short time, sales training attempts to teach the skills possessed by the more experienced members of the sales force. The time it takes for a new member of the sales force to achieve satisfactory levels of productivity is thus shortened considerably.

The productivity of sales training receives strong support from George Hartmann, vice president of sales for the Commercial Products Division of the. Fort Howard Corporation. Sales grew from $300 million in 1981 to $1.5 billion in 1994. When asked to name his proudes accomplishment, Hartmann identifies training, saying: “If I had to point to one single resource that’s had the greatest

impact, it would be training.

Improve Morale:

How does sales training lead to better morale? One objective of sales training is to prepare trainees to perform tasks so their productivity increases as quickly as possible. If sales trainees know what is expected of them, they will be less likely to experience the frustrations that arise from trying to perform a job without adequate preparation. Without sales training, customers may ask, questions that sales representatives cannot answer, leading to frustration and lower morale. Evidence indicates salespeople who are uncertain about their job requirements tend to be less satisfied with their jobs. This same evidence shows. that reps .who are most aware .of the job .requirements are also more satisfied with their company's sales training activities.

Improving morale not include extensive use of the so-called highpitch high-priced motivational speaker. Thorny Issues 13.1 questions the relationship between motivational hype and sales training. Jack Falvey, a sales training program sees little similarity between professional selling and professional football.

Lower Turnover:

If sales training can lead to improved morale (greater Job satisfaction), then this. should result in lower turnover. Younger, inexperienced salespeople are more likely to get discouraged and quit as a result of not being prepared for the task. Turnover can also lead to customer problems, since many customers prefer continuity with sales representatives. A customer who is called, on by a sales representative who suddenly quits may transfer business to other suppliers rather than wait for a new representative. Sales training, by leading to lower turnover, alleviates such problems.

It is evident that Paul Ferrin, that the company's strong training program enhances its ability to recruit topnotch salespeople. Because training program has helped to cut turnover, which dropped by almost 80 percent in 14 years as shown by, some studies results.

Improve Customer Relations:

One benefit of sales training that accompanies lower turnover is continuity in customer relationships. Having the same sales representative call on customers on a regular basis promotes cusomer loyalty, especially when the salesperson can handle customer questions, objections, and complaints.

Customers place orders for their own benefits. Inadequately trained salespeople are usually not able to provide these benefits, Inadequately trained salespeople are usually not able to provide these benefits, and customer relations suffer.

Sales training progam is needed to bring up technical skills. Salespeople needed to know more about technical aspects of products, when and how these products were being used.

Manage Time and Territory Better:

Time and territory management is a subject in many sales training programs. How much time should be devoted to calls on -existing accounts and how much time to calls on potential new accounts? How often should each class of account be. called. on ? What is the most effective way of covering the territory to ensure routes traveled are the most efficient with respect to miles driven and time spent? Many sales training programs provide salespeople with answers to these questions.

The impact of technology on time and territory management has led to improved coverage for Yellow Freight, the Overland Park, Illinois-based trucking company. Yellow Freight went through a reengineering process that produced a sales farce automation system (SFA).Both sales managers and

sales reps went through a training program on how to use the new computerized system, 2ii the, software and the hardware. Yellow Freight officials claim that salespeople already on the system have~ increase their face-to-face~ selling time with customers by 30 percent.

The Development of Sales Training Programs:

Sales training is an important function, as the previous paragraphs indicate. However, there are numerous problems that companies face when trying to implement sales 'training programs. A recent survery by Peterson, reviewed by Training magazine, asked sales manager to identify the problems they face when trying to introduce sales training programs. The top five obstacles identified by the 297 respondents are the following:

* Top management is not dedicated to sales training.
* Sales training programs are not adequately funded.
* Salespeople are apathetic about sales training.
* Salespeople resent training's intrusion on their time.
* Salespeople resist changes suggested by training programs.

This rather negative perspective of sales training should raise an important question. What is management doing that, allows' some of these problems to :occur? In evaluating sales trai fling programs, wouldn't' management discover that the cost exceeds the benefits? 'Two problems exist. First management too often expects that pales training will be a panacea for all of the companies sales problems . If the sales problems are not resolved, budget-cutting activities often start with the sales training program. Or management fails to understand sales training. Sales training is viewed as a cost of doing business rather than as an investment that pays future dividends. Why are only costs evaluated and not the other half of the operating statement.

The second problem rests within the sales training function: namely , the evaluation of sales training programs. Too many sales training programs are conducted without any thought of measuring the benefits, Evaluation is difficult, but considering the millions of pounds devoted to sales training, it is not unreasonable to expect some attempt to measure the benefits. More is said later about how to evaluate sales training programs.

Many of the problems overlap and can be resolved by

adopting a more objective approach. First sales training often lack credibility. Programs fail to deliver what they promise and are viewed by many as being a waste of time and money. Second, the level of approach assumes too much: “Trainees already know how to listen or to be enthusiastic, so why spend time on such basis area?” Or, “Sales veterans already know how to sell, so time is not needed on this subject. “Third, once techniques have been taught, it is not necessary to worry about the use or reinforcers or rewards to stimulate sales reps to continue use them.

Creating Credibility in Sales Training:

Many sales trainers believe their programs lack credibility. Budget-cutting efforts are too often directed at existing sales training programs. This may reject management’s feelings that these programs are accomplishing little and are expendable. Sales training program have to be sold, just like any other product or service. Well-designed programs are easier to sell to management than those put together with little thought.

Analyze needs:

The starting point in creating credibility is-to analyze the needs of the sales force as they are presented in the following exhibit. One way to do this is to travel with sales reps,

observing them and asking what they need to know that will help them perform more effectively (Recent research designed to elicit selling procedures is discussed later in the chapter). Field sales managers are a useful source of information because they are closest to the sales reps. interviews with key members of management are productive ways to identify training needs. One expert advocates sending anonymous questionnaires to customers asking: What do you expect of a sales person in, the industry? How do salespeople disappoint you Which company in the industry does the best selling job? In what ways are its salespeople better? Other sources include company records showing turnover data, performance evaluations, and sales and cost analyses. Attitudinal studies conducted with the sales force are useful sources of information. This analysis of needs answers three basic in questions: Where the organization is training needed, what should be the content of the training program, and who needs the training.

Determine objectives

Setting specific, realistic, and measurable objectives adds to the credibility of a sales training program. The objectives may include learning about new products, new techniques, or new procedures, it pays to keep the objectives simple.

Management may want a 10 percent sales increase, Which then becomes the broad objective of

the training program. the specific objective might be to teach sales reps how to call on new accounts, which will help lead to the broad objective. Measurability is critical in sales training:

Develop and implement program:

At this point, a decision has to be made concerning the train developing the training program or hiring an outside organization to conduct it. Many companies, both large and small, use outside agencies for sales training. Small companies may farm out mot of their training needs. Large companies develop most of their own programs and will use outside agencies to handle specialized needs. Lack of careful investigation of outside suppliers can lead to problems. One sales manager mentioned how embarrassed he was by retaining a company that put on an "entertaining song-and-dance routine" that cost $5,000 but failed to have any lasting effect. Use of outside sources is encouraged if they meet the objectives of the company.

Evaluation and review program:

Designing a measurement system is the next step. Questions that need to be asked include do we want to

measure? When do we want to Ho do we do it? or: What measuring tools ale available ? Using tests to measure learning is not difficult; measuring application in the field is different. Training a sales rep to demonstrate a product can be evaluated during the training session. But whether the sales rep demonstrates effectively in front of a customer is harder to evaluate. This is why field sales managers are an important link: They can provide follow-up and feedback information on how well the sales rep demonstrates the product. The field sales managers can coach the salesperson on how to demonstrate the product.

Finally, evaluations of sales performance provide additional evidence on the value of training although such information must be used carefully. Changes in performance, like sales increases, may be 3ue to factors not related to sales training. To claim that they are casts doubts on the sales training efforts.

The data- collection process should provide sales trainers with information that will justly the program. Top management wants to know if the benefits exceed or equal the costs keeping top management informed about the success of training programs contributes to the overall credibility.

Larger companies must decide which group to train. Not everyone in the sales force needs training. Certainly, newly hired recruits need training, whether it's on the job at first and then more centralized later or some other management. When procedures or products change, training needs are universal. However, if certain sales reps are having a sales slump, then the training needs to be directed at them and not everybody. To include the entire force may create problems, especially among those not experiencing the sales slump. This latter group may resent being included and let others know as well When a new training method is being tested, it is wise to use a group that will be receptive. This increases credibility, creating a favorable climate for continuation.

Since measurement is crucial, the sales trainer needs to collect data before training starts. The needs analysis provide relevant information pertaining to program content. For example, if it was observed that some salespeople had difficulty managing their sales calls, then observation by the trainer or the field sales manager after the program should provide data indicating the value of the training. Call reports would be another source of information. Follow-up must continue beyond the initial check since the use of new skil1s may. drop off. If this happens, reinforcement is necessary.

The da:a-collection should ~provide sales trainers with information that will justify the program. Top management wants to know if the benefits exceed or equal the costs. Keeping: top management informed about the success of training programs contributes to the overfall credibility.

Continuus follow-up and evaluation of all sales training efforts is madatory. Gene Hahne, manager of training for Shell Oil Company, Comments, We used one program for seven years in our company. We use& it because nobody evaluated it. Nobody followed up on it. Nobody ever look the time out to go out in the field and ask participants. What did you get out of the program? In this case, the program had attempted to teach sales reps how to probe for information during a sales call. Although most sales reps identified the subject matter very few were able to identify the skills that had been taught. The program was not working and probably had been Written off as a poor investment by management.

Sales training programs, whether being sold to the sales manager or to top management, must be credible. Management can always find other alternatives for spending resources.

The timing of sales training:

Although sales training is a continuous process, exactly when firms accept sales trainess into the formal sales training program varies considerably. A common practice is to have sales trainees work in the field calling on accounts before any formal sales training occurs. It is also common to start with formal training followed by a field assignment. In either case, the length of the formal training program can vary from a few days to more than a year, depending on company needs.

Training of experienced sales personnel varies also. Some companies have annual programs, and others have programs only when the need arises. The length of both types of programs varies from firm to firm. Training of experienced sales personnel may be routine, such as when it is associated with an annual sales convention. It may be nonroutine or remedial and may occur because of problems

experienced by one or more members of the sales force. The introduction of new products often leads to sales training.

Training new Saks Recruits:

Most larger companies have programs for training~ new sales recruits. These programs differ considerably in length and content, however. The differences often reflect variations

in company policies, nature of the selling job, and types of products and services. Even within the same industry, sales training programs vary in length, content, and technique.

Although a few companies have no preset time for -training sales recruits, most firms have embraced the notion of a fixed period for formal training. The time varies from just a couple of days. In the office, followed by. actual selling combined with on-the-job coaching, to as long as two or three years- of intensive training in a number of fields and skills.

What accounts for this variation? First, training needs vary from firm to firm arid even within a firm. For example, one. manufacturer of drugs has a seven-week program for new recruits who will sell conventional consumer products. For those recruits destined to sell more technical products, the training lasts two years.

Second, training needs vary because of differences in the needs and aptitudes of the recruits. Experienced recruits have less need for training than inexperienced recruits, may require a two-to three-year program.

A final reason for variation in the length of training programs is company philosophy. Some sales managers believe training for new recruits should be concentrated at the

beginning of a sales career, but others think it should be spread over a longer time, including a large dose of learning by doing. A servey results represent the differences in the length of sales training programs for new hires.

- Compared with data from two years ago, smaller companies, those under $ 5 million in annual sales, are spending approximately One-third less on sales training per new hire-$3,688 in the current survey compared with $ 5,530 two years ago.

Length and Cost of Sales Training for New Hires

	Training Period for New Hires (Months)	Cost
Company Size		
Under $5 million	2.3	$ 3,688.3
$5-$24.9 million	4.1	6,915,8
$25-$99.9 million	4.3	9, 361,1
$100-$250 million	3.4	8,653,8
Product or Service		
Consumer products	4.2	5,515,9
Consumer services	4.3	5,643,8
Industrial products	4.1	8,912,5
Industrial services	4.1	8,013,6
Office products	3.6	5,872,2
Office services	3.4	5,842,5
Type of Buyer		
Consumer	4.1	5,215,6
Distributors	3.6	6,538,8
Industry	3.9	7,682,7
Retailers	3.5	5,640,3
Overall	3.9	$ 6,287,0

- At the same item the length of training has declined slightly from 3.9 months in 1992 to 3.3 months in the current survey.
- While this could be an indication that smaller companies are looking at training as one area to cut expenses, it is more likely that these companies are compressing the

training period in an effort to get a faster return on their investment.

- Some companies say they are hiring more experienced salespeople in an effor tto reduce the need for training at basic sales training levels.
- Large companies, those with more than $ 5 million in annual sales, reported spending more money on training than in the last survey period.

Training Experienced Sales Personnel:

After sales trainees are assigned to field positions, they quickly become involved in customer relationships, competitive developments, and other related matters. Over time, their knowledge of competitive developments and market conditions becomes dated. Even their personal selling, styles may become stereotyped and less effective. Also, because of changes in company policies and product line, sales representatives require refresher or advanced training programs. Few companies halt training after the trainee has completed the basic. Most managements endorse the view that the need to learn is a never-ending process and even the most successful of their sales representatives can benefit from refresher training. The following exhibit shows the length,

type, and cost of sales training for experienced sales reps.

Dartnell's access to trend data produces the following observations:

Length, Type, and Cost of Sales Training for Experienced. Reps:

	Hours per Year of Ongoing Training	Type of Training		Cost
		Selling Skills (%)	Product (%)	
Company Size				
Under $5 million	35.1	43.7%	58.1%	$2,498
$5-$24.9 million	31.8	45.0	57.6	4,887
$25-$99.9 million	31.8	1.7	51.5	4,021
$100-$250 million	28.3	44.8	52.7	3,337
Over $250 million	40.6	42.2	62.0	3,834
Product or Service				
Consumer products	34.0	45.6	54.8	2,599
Consumer services	35.2	46.7	55.5	2,883
Industrial products	32.3	42.4	59.9	4,943

industrial services	32.9	47.6	54.4	3,524
Office products	38.9	43.0	56.3	2,926
Office services	35.5	47.7	53.2	3,359
Type of Buyer				
Consumers	37.6	44.4	56.9	3,957
Distributors	31.1	44.2	58.0	3,235
Industry	32.2	45.7	56.9	4,395
Retailers	33.0	48.5	53.5	2,548
Overall	32.2	45.9%	54.1%	$3,716

- Experienced sales reps in our current survey are given, on average, 32.2 hours of ongoing training per year at a cost of $ 3,716 per rep. thiscompareswith3o.2 hours of training at a cost of $ 2,991 per rep in 1992. Four years ago, experienced reps received just 27 hours of training per year.
- The fact that experienced reps continue to redeive increasing amounts of training reflects a continuing commitment on the part of management to provide ongoing learning opportunities for their senior salespeople.

- The fact that companies are spending, on average, nearly. 25 percent more on' training per experienced rep is a further indication that companies continue to be committed to ongoing training.
- Companies divide training about equally between product training, and training in selling skills. This is a trend that has been duly noted in previous editions of this survey.
- Based on this study, (Dartnell) conclude(s) that the skill training given to experienced salespeople focuses on those skills that sales managers and sales reps- regard as most important, that is, .pre-call planning, time management, overcoming objections, approach and involvement closing, and qualifying.

Additional training often occurs when a sales representative is being considered for promotion In. many companies, a promotion is more than moving from sales to district sales. manager. A promotion can include being assigned better customers, transferring to a better territory, moving to a staff position, or being promoted to sales management. Whenever salespeople. are assigned better customers or better territories, additional sales training;

acquaints them with their increased responsibilities.

Some large companies try to reduce training time for experienced salespeople by emphasizing initial training. Hercultes, Inc., a chemical industry company, provides new sales reps 26 weeks of training during the first year. Formal training programs for experienced sales reps last one week or less.

Many companies decentralize the training for experienced salespeople. Hercules, Bergen-Brunswig, and Xerox. are among many companies that attempt to get training into the field using self-paced training manuals, videos, and computer-based programs.

Training experienced sales people is viewed as providing insurance for a company's major asset.

Saks Training Topics:

For new sales trainees, the content of sales training tends to remain constant -over time. Product or service knowledge subjects appear in the majority of programs. The same can be said about market! industry: orientation, company orientation and selling skills. Beyond these standard topics there exists a vast array of different subjects that range from the logical, such as training sales reps how to use the" company 'S new

computerized procedures, instructing the sales force in how to build relationships, and educating the sales repsin team selling procedures, to some very questionable topics suchas training the sales force to modify- their sales, presentation based on whether the customer is "left brained" or - 'fright-brained" or to instructing the sales reps to learn how to read and interpret body language including eye movements.

Product Knowledge:

Although product knowledge is one of the most important topics, knowing when and how to discuss the subject in a sales call is probably even more important. More time is typically spent on product knowledge than any other subject, although the time spent varies with the commodity sold.

Companies that produce technical products, such as computer manufacturers, spend more time on this-subject than do manufacturers of nontechnical products. One manufacturer of specialized industrial components allocates 90 percent of its sales training program to application engineering and proceduers of personal care products product knowledge for graduate engineers recruited directly from campuses. Producers of personal care products an toiletry preparations spend less time on product knowledge. In the service industry, the complexity of the service influences the amount of time

needed to learn the service, such as with various types of insurance.

Product knowledge involves not only knowing how the product is made but also how the product is used and; in -some cases, how it should not be used. One producer of machine tools gives newly hired sales engineers extensive implant exposure to technical and engineering matters. Before field assignment, they spend time in a customer's plant, where they are taught machine setup and operations under realistic conditions.

Product knowledge is not limited to only those products the sales trainee will eventally sell. Customers often want to know how competitive products compare on price, construction, performance, and compatibility with each other. Customers expect reps to show them how the seller's products, such as in a computer installation that involves products made by different manufactures. One paper products manufactures that supplies paper towels to industrial firms exposes sales trainees to competitive towel dispensers so they will know which dispensers handle their paper towels.

A major objective in training in product knowledge is to enable a salesperson to provide potential customers with the

information needed for rational decision making. Some benefits that accrue to salespeople as they acquire product knowledge include the following:

1. Pride and confidence in product quality.
2. Self-assurance emanating from technical knowledge of product makeu.
3. Communication with customers through the use of the operational vocabulary peculiar to the industry. 4. Understanding of product functioning that allows effective diagnosis of customer problems.

All these benefits contribute to improved salesperson-customer interaction.

Market/industry Orientation:

Sales training in market! Industry orientation covers both broad and specific factors. From a broad viewpoint, salespeople need to know how their particular industry fits into the overall economy Economic fluctuations affect buying behavior, which affects selling techniques. Information about inflationary pressure, for example, may be used to persuad prospective buyers to move their decision .dates ahead. If the sales force is involved ‘in forecasting sales and setting quotas, knowledge of the industry and the economy is essential.

From a narrower viewpoint, salespeople must have detailed knowledge about present customers. They need to know their customers buying. policies, patterns, and preferences and the products or services these companies produce. Iii some cases, sales rep need to be knowledgeable about their customers. This is especially true when sales representatives sell through wholesalers or distributors who often want reps to assist them with their customers problems. Missionary salespeople are expected to know the needs of both wholesalers and retailers, even though the retailers buy from the wholesalers.

Company Orientation:

Sales trainees must be of company policies that affect their selling activities. Like all new employees, they need indoctrination in personnel policies on such items as salary structure and company benefits.

Sales representatives can expect customers to request price adjustments, product modifications, faster delivery, and different credit terms. Most companies have policies on such matters arising from legal requirements or industry practices. Too often, however, avoidable delays and possibly lost sales result from inadequate sales training in company policies.

Two practices provide salespeople with knowledge of company policies. The first requires sales trainees to learn about company policies and procedures by working in the home office in various departments, such as credit, order processing, advertising, sales promotion, and shipping. The second approach has the trainee work as a sales correspondent for a time. The trainee processes customer orders, maintains mai1 and telephoen contact with customers, and sometimes serves as the company contact for a group of customers.

Major corporations provide the sales force with sales manuals that cover product line information and policies. A well prepared sales manual can give a sales representative a quick answer to a customer's questions.

Time and Territory Management:

Sales trainees also need assistance in how to manage their time and territories. The recent survey by learning international suggests that salespeople perceive this as an Important problem. Because it is unusual' to find sales to find sales to find sales representatives who are skilled in all areas.

Poor assignment of customers and development of territories contribute to the time management problem. Sales

managers need to know how to develop territories to enhance the sales rep's efficiency. Assigning a sales representative to many accounts or a territory that is too large leads to time and territory management problems.

The program for a manufacturer of micrographic equipment and supplies trains salespeople to plan. Although some instruction in time management is provided a given company during 5lassioom training, the major responsibility sales managers. Effective time management is more likely more likely to be achieved va on-the-job training. Sales representatives turn in their projected activities every two weeks and review their district sales; manager's past-plans and performance. The district sales manager helps them modify the projected plans for greater efficiency. The desire for more effective time and territoy management has led to greater telephone usage and telemarketing sales training courses.

Other Subjects:

Recent technological developments have led to a new sales training subject: how to use a personal computer. Many companies now require their sales reps to carry personal computers with them to improve productivity. Salespeople use PCs to plan their call activities, submit orders, send reports,

check on inventory and price levels, receive messages, and present product and sex-vice demonstrations. In some cases, the sales rep can access the company's decision support system (DSS) to learn what products have been selling in an area or for a specific customer. A few companies have found that the use of PCs allows their salespeople more face-to-face Sales training topics may be very specific. Price objections are common in sales transactions arid sales manager are not pleased if they fell that sales reps offer discounts too quickly.

Many companies, like Caterpillar Inc., spend substantial sums of money each year on trade shows. Increasing cost pressures have forced management to be more concerned about the return from trade shows and other similar expenditures. As a result, Caterpillar lnc.< personnel selected to staff trade show exhibits undergo a training program designed to handle a trade show's unique features. Most salespeople selected have the training and experience to make in-dapth presentations in their specialisties. But even though they're very good at what they normally do, they are not necessarily skilled at working a trade show they don't always know bow to engage and qualify new prospects handle big crowds or weed cut the buyers from the tire kickers.

Other subjects in training programs include topics such as- body language, eye movement, and attempts to determine if the prospect is right-brained or left-brained.

One advocate comments, Customers come in right and left brained thinking styles, and understanding their differences and your own brain waves can help you make your next sale. Indicators of left and right-brained people might be whether or not a customer weares a watch or carries a calculator. Evidence supporting the efficacy of this concept as a sales training subject is not available, body movements may help improve the sales presentation, but it is a skill that would require extensive training to accomplish. As with any training technique, evaluation of the process is mandatory to measure costs and benefits.

Sales Training Mehtods:

The most commonly used methods of sales training are on-the-job training (OJT), individual instruction, in-house classes, and external seminars. Companies use a variety of techniques, recognizing that different subjects require different methods. Overlap exists within a given method. On-the-job training includes individual instruction (coaching) and in-house classes held at district sales offices. District sales personnel attend

external seminars as well.

The Dartnell Corporation provides a review of trends in the use of training methods:

- On-the-job training continues to be the most prevalent method of training salespeople and is used by nearly 82 percent of responding companies. Nearly 84 percent of responding companies said they used this method in 1992, an insignificant change.
- External seminars, used by 72 percent of responding companies, and individual instruction, used by nearly 70 percent of responding companies, are again among the top three picks of survey participants.
- As a training method, “home” assignments are least favored and used by just 17 percent of respondents.
- Over past four years, the number of companies using -external seminars has been steadily moving upward. In 1990, 59 percent of responding companies said they used this training method for their salespeople. this percentage increased to 69 percent in 1992 and now stands at 72 percent of responding companies.

This is a strong indication that companies are now more willing than in the past to seek help from the outside when it

comes to solving their training/motivation problems. It also shows more of a willingness on the part of companies to accept differing approaches and points of view when it comes to problem solving.

The techniques of instruction vary, as has been showed. - The most prevalent forms of instruction are videotapes, lectures, and one-on-one instruction, and companies combine techniques to achieve the best possible balance.

One source of sales framing comes from outside suppliers, which use many of the techniques listed and the trend information provided by Dartnell Corp. Indicated a major shift in the use of external sources for sales training.

The use of outside sources is not without some controversy. Jack - Falvey , Sales consultant, indicates: “ the design, development, and sale of training materials is a big business these days. “Companies question if they should spend money on outside sales training sources. Falvey’s response is: "Only if you have lots of discretionary money to spend and don't know what to do with it.

Selling, according to Flvey, is an interactive skill that must be required in combination With the knowledge of how both you and your customers do business. It can’t be separated out

into a generic - system that can later .be recombined in some way with your business.

On-the-job Training:

The mere mention of OJT sometimes cares new sales recruits. The thought of “learning by doing”. is psychologically discomforting to man. Often, this is. due in their incorrect perceptions of what is involved in OJT. On-the-job training is not a sink or swim approach in which the trainee is handed an order book, maybe a sales manual, and told to “go out and sell”. OJT should be carefully planned process in which the new recruit learns by doing and, at the same timed - is productively employed. Furthermore, a good OJT program contains established procedures for evaluating and reviewing a sales trainee’s progress. Critiques should be held after each OJT sales call and summarized daily. The critiques cover. effectiveness, selling skills, communication of information in a persuasive manner, and other criteria.

A key. aspect of on-the-job training is the coaching sales trainees receive from trainers, who may be experienced sales personnel, sales managers or personnel specifically assigned to do sales training.

On-the-job training and coaching often occur together, this

is referred to as one-on-one training. Observation is an integral part of the process. One-ne-one training should not become "two-on-one" selling, where the objective become getting the order, not training the recruit. The sales manager or trainer is supposed to be a coach, not a player, and should stay out of the game no matter what the score. When the manager jumps in and says," Let-me take it from here," the recruit knows training has stopped and two-on-one selling has begun. Some suggestions for making one-on-one training most effective are as follows:

1. Set pre-call objectives with the trainee.
2. Practice actual questions to be used to accomplish objectives (such as informational, irectional, and closing). -
3. Make the call (manager as a nonparticipating observer).
4. Contribute only positive reinforcement and act as a resource only on specific points and only on the request of the trainee.
5. Conduct the post-call analysis by letting the sales representative do the majority of the talking.

OJT often involves job rotation-assigning trainees to different departments where they learn about such things as manufacturing, marketing, shipping, credits and collections,

and servicing procedures. After on-the-job training, many sales trainees proceed to formal classroom training.

Classroom Training:

For most companies, formal classroom training is an indispensable part of sales training,, although very few of them rely solely on it. Classroom training has several advantage. First, each trainee receives standard briefings on such subjects as product knowledge, company policies, customer and market characteristics, and selling skills. Second, formal training sessions often save substantial amounts of executive time because executives can meet an entire group of trainees at once. Third, classroom sessions permit the use of audiovisual materials such as movies and videotape. Lectures, presentations, and case discussions can also be progammed into a classroom setting. The opportunitiy for interaction between sales trainees is a forth advantage.

Such interaction is beneficial since reinforcement and ideas for improvement can come from other sales trainees. Interaction is so important that many companies divide sales trainees into teams for case presentations, which results in interaction and forces trainees to become activity involved.

Classroom training also has its disadvantages. lit is

expensive and time-consuming. it requires recruits to be brought together and facilities, meals, transportation, recreation, and lodging to be provided for them. Sales managers, who are cognizant of these costs and time demands, sometimes attempt to cover too much material in too short a time. This results in less retention of information: Many sessions become merely cram sessions. Sales manager must avoid the natural tendency to add more and more material because the additional exposure is often gained at the expense of retentior and opportunity for interaction.

Role-Playing:

A popular technique used in most companies has the trainee act out the part of a sales rep in a simulated buying session. The buyer may be either a sales instructor or another trainee. Role-playing is widely used to develop selling skills, but it can also be used to determine whether the trainee can apply knowledge taught via other methods of instruction. Immediately following the role-playing session, the trainee's performance is critiques by the trainee1 the trainer, and other trainees.

Role-playing where a sales trainee performs in front of others and where that performance is sübsé4üently critiques

can be harsh. One sales training expert compares this approach with the guillotine, Pointing out that:

The victims are kept in line and forced to witness the execution of others.

The victims fates are published and scheduled in advance with much fanfare and an apprehensive countdown. The method seems to be designed for surgical incisiveness and spectator enjoyment.

Some of these problems disappear if the critique is conducted only in the presence of the sales trainee and then only by the sales instructor. When handled well, most trainees can still identify their own' strengths and weaknesses.

Electronic Training Methods:

A recent phenomenon in training methods involves the use of computers. IBM uses interactive video to train redeployed technical people to become salespeople. IBM's program, InfoWindow, combines a personal computer and a laser videodisc that provides an interactive TV.A trainee can practice calls with an on-screen actor whose response is a function of the trainee's approach.

Adaptive Selling: knowing How to Sell:

Extensive knowledge about products, customers,

competitors, company procedures, plus a myriad of other factual items is a necessary but not sufficient condition for successful sales performance. It is like the quarterback who memorizes all of the plays but doesn't know the right play to call at the right time, the novice chess player who knows the basic moves but doesn't understand the various patterns that call for specific strategies. The experienced quarterback or master chess player can assess situations and adapt. accordingly. Conveying this ability to adapt is what sales training is all about.

Sales training attempts to teach sales trainees in a relatively short period the skills of the more experienced and successful members of the sales force. Weitz, Sujan, and Sujan stress the potential role of salesperson knowledge, especially as it applies to specific selling situations and the appropriate selling responses, and the salesperson's ability to process customer information as key determinants of sales performance.

Leigh and McGraw contend that experienced and effective- salespersons have" sophisticated knowledge structures that enable them to categorize selling situations

more effectively and efficiently on the basis of similarity to other ‘remembered’ situations, then apply the activities and behaviors of an appropriate selling approach to each. This knowledge known as dedarative and procedural knowledge permits an experienced salesperson "to recognize or classify a particular selling situation as an instance of a more general selling category". The salesperson, as a result of interacting with the customer, may determine the buyer is task-oriented rather than relationship-oriented and adopt a task-oriented selling approach.

The potential impact of the adaptive selling concept on sales training is significant. Through sales training, novices can be taught how to classify customers, how to determine which approach would be most effective, and how to apply the selected approach. Novices also need to learn that as relationships change so will selling styles change, as governed by the ~situation. Adaptive selling is an approach that recognizes differences across customers and differences in the salesperson as well.

Do experienced and successful salespeople possess knowledge structures and can these structures be identified and used as a basis for sales training Research indicates both questions can. be answered with ayes. Indicates that the script

objectives and activities for an initial sales call derived from a sample of 25 salespeople from a major hospital supply corporation. Which notes that the most common objective. (84 - percent) is to gather information about buyer needs

Leight and McGraw concluded that the procedural knowledge of experienced and effective salespeople can be identified - and subsequently used in sales training. Behavior modeling requires that a sales trainee and an experienced salesperson interact to allow the trainee to observe and practice the methods used by the successful salesperson. Over time, the sales trainee develops a customized approach that represents individual traits to be used according to the situation.

In another study, Szymanski found that successful salespeople were more effective than unsuccessful salespeople at categorizing prospects. Successful salespeople not only were able to rely on fewer customer traits, but~' they also placed different weights or values on these traits.

Furthermore, Szybnarnnski reveals that the effective sales rep has a definite ordering of attribute~ according to their discriminating - power, unlike the random ordering for the ineffective sales rep. And the effective sales rep has better discriminating power, relying on three attributes for

classifying the prospect. The ineffective sales rep faces two problems: The first involves having to rely on more attributes, and the second is the greater risk of incorrectly classifying the prospect. Clearly, training salespeople how to correctly classify prospects is a worthy topic of most sales training programs.

Measuring the costs and benefits of sales training:

Sales training is a time-consuming and very costly activity. Is all this effort worth the cost? Does sales training produce enough benefits to justify its existence?

Sales training and increased profits have an obscure relationship at best. In the beginning of this chapter, we identified sonic broad objective of sales training: improved selling skills, increased productivity, improved morale, lower sales force turnover, better customer. relations, and better time and territory management. Unfortunately, pinning down the relationship between sales training and these broad objectives is not easy. Very little research has been done to determine what effect, sales training if any, has on the sales force. Most sales organizations simply assume on blind faith that their sales training programs are successful, After all, if a company has high sales and high profits, why should a sales manager assume sales training is anything but effective?

Sales Training Costs:

Business firms spend a great amount of money each year on sales training in hopes of improginy ovberall productivity. The only the largest companies can offered to support a full-escale program, yet all firms need sales training regarless of the size. The statistics suggest also that business has a relatively generous attitude toward sales training. It allocates funds for training with minimal regard for the results. clearly, measuring the benefits of sales training needs some attention.

Is the measurement process that difficult? After all, if sales training is supposed to lead to better productivity, improved moralse and lower ??????, then why not measure the changes in these variables after training hasoccured? Some sales managers have done just that. They have assumed: We instituted sales training was the reason Right? Wrong! Unless approprioate procedures are used to design the research by which the benefits are assessed it is hard to say what caused the sales increase. Sales may have increased as a result of improved economic conditions, competitive activity, environmental changes, seasonal trends, or other reasons. Consequently, research must be carefully designed to isolate these contaminating effects to identify the benefits directly attributable to training.

Measurement Criteria:

Even though intervening variables such as changes in competitive activities make evaluation of sales training programs difficult, some measurement must occur. This raises the questions of what characteristics of sales training should be assessed.

One could certainly single out one of the criteria that has been introduced which is the measure of effectiveness, but a strong argument can he made that several criteria should be used in assessing the results of any sales training program. Measuring what was learned, for example, scent's inappropriate because the obtained knowledge may not produce desired behavior changes. Not to assess what was learned is inadequate, however, because the program might be considered a failure if nothing was learned or if what was learned is inappropriate. The solution rests in properly specifying the objectives and the content of the sales training program. The criteria used to evaluate the program and the proper design of the research so benefits can be unambiguously determined.

Measuring Broad Benefits:

Broad benefits of sales training include improved morale

and lower turnover. Morale can be partially measured by studies of job satisfaction. This approach is feasible with experienced sales personnel. Suppose, for instance, a company measured job satisfaction as part of a needs analysis and found evidence of problems. A follow-up job satisfaction study after the corrective sales training program would determine if morale changed notioceably.

Measuring reactions and learning is important in sales training for both new and experienced personnel. Most companies measure reactions by asking those attending the training to compete an evaluation form either immediately after the session or several weeks later. Emotions and enthusiasm may be high right after a session, but sales training effectiveness is much more than a warm feeling.

Measuring what was learned requires tests. To what extent did sales trainees learn the facts, concepts, and techniques included in the training session? Objective examinations are appropriate.

Measuring Specific Benefits:

Liking the program and learning something are not enough. Specific measures to examine behavior and results are needed to assess effectiveness. The effectiveness of a sales

training program aimed at securing more new customers, for example, can be partially assessed by examining fall reports to see whether more new customers are being called on. Results can be measured by tracking new account sales to see whether they have increased. If the specific objective of sales training is to increase the sales of more profitable items, evidennce that this has been accomplsihed provides a partial measure of training effectiveness. Finally, if reducing customer complaints was the objective, then the appropriate specific measure is whether customer complaints decreased.

The training program is designed to achieve certain goals. The goals should be established before sales training begins. When specific objectives have been determined the best training program can be developed to achieve these objectives. Most training programs have several objectives. Multiple measurements of the effectiveness of the training program are then a necessary part of evaluating the benefits.

Recent studies reveal that most sales training evaluation measure are simple, consisting primarily fore actions to the program. Meaningful evolution measures, such as learning, behavior, and results, are used much less frequently. A s can be seen, the weakest or easiest to collect measures staff comments and feedback from – supervisors and trainees-are

used the most. Bottom line evaluation (e.g., hanges in sales volume) is relatively limited.

Evaluating the benefits of sales training is difficult. One studs. asked sales managers to identify the most important restrictions against sales training evaluation. The most common restrictions were time and money and difficulty in either gathering the data and/or gaining access to data.

Recent Treds in Sales Training Evaluation:

In recent years there has been a surge of interest in sales training evaluation, especially at levels three and four. Managers are no longer willing to rest on the assumption that sales training must be effective since sales are rising. Managers are now being asked to provide concrete evidence - that sales training makes a difference. Evidence based on level on evaluations, facetiously refused to as smile sheets, or level two evaluation, testing what was learned, is useful but no longer sufficient proof. If sales training is to be viewed as an investment rather than a cost, then managers must be able to. document the benefits in order to calculate a return on investment (ROI).

What's behind this movemen toward more levels three and four evaluation? According to Beverly Geber, special projects editor of Training magazine "Blame TQM or downsizing or impatient managers. Fact is, trainers are being pressured to

evaluate training courses at much deeper levels. Cost-cutting activities at must corporations force training departments and others as well to use money more wisely.

A dilemma facing many sales training managers is that while management wants evidence that supports the value of training, funds needed for evaluation, especially at level four, have not been budgeted. Level four evaluations usually require using a control group, a rare activity in most companies. In the businesses I've been in, nobody, especially in sales, want to volunteer to be in the control group, says Mark Faber, research and measurement manger, sales planning for Microsoft Corporation. "The militry has no trouble getting control groups" You guys go out with guns and you other guys go out without them. Nobdoy in sales want to go out without guns."

Faber and others have been able to achieve the ends of a control method without actually using control groups.

"You can impelement training in one site and see a change", suggests Dan Baitch, research project manager for Learning Imitational in Stamford, Connecticut, "Then you implement it in another site and see another change. Meanwhile, nothing is changing in the other sites, so each acts as a control group for the one before it."

There are problems, of course, in euqating sales increases with sales training. There are too many variables that could have had a positive effects on sales: introduction of a new product, fàilu1 of a competitor, increase in advertising, or

improvement in price competitiveness. Level three evaluations may be sufficient for some managers who contend that .sales results will follow changes in behavior. Regardlesss of the evaluation method employed, sales training managers face increasing demands as to the vbalue of their programs.

Chapter (8)

Compensating The Sales Force

Introduction:

A sales force cannot be considered well-managed unless there is a well developed and well-administered compensation plan. The pay plan is important because of its impact on the sales force, the company, and customer relations.

The sales force. A basic tenet of our economic System is that people should be justly compensated for their labors. A good compensation plan can do much to develop a highly productive sales force, because it will help to instill a high degree of morale and industriousness

The company. Management wants to keen its expenses as low as possible and at the same time encourage profitable operations by the sales force. The compensation plan can be used to control the activities of the sales force. When a company faces rising break-even points, it should increase sales volume, decrease expenses, or both. A properly designed compensation plan can often stimulate increased sales.

Customer relations and goodwill. If the compensation system encourages overselling customers, ill good will can result. Sales compensation has social implications because selling is so important in our economic system. The extent to which marketing can deliver a high standard of living to

consumers depends heavily on the methods used to pay one, major group of deliverers the sales people.

Broad Objectives of a Compensation Plan

The four broad, general goals of a good compensation plan are not mutually exclusive. In some situations, one goal may conflict with another. All four however, are valuable guidelines for a sales executive to recognize and follow[1].

1- To correlate efforts, results, and rewards. One general objectives is to correlate sales people's rewards with their efforts and results. This is an ideal that most companies constantly seek, yet seldom achieve. They key part of that equation (efforts results = rewards), however, is results = rewards. The problem in sales management is that frequently it is hard to equate rewards with results. We often cannot accurately measures what a person is worth to a company. Sorctetimes it is also difficult even to measure results.

2- To control sales people's activities. A good pay plan should act as an unseen supervisor of a sales force by enabling management to control and direct the sales reps activities. Today, this usually means motivating the reps to ensure a

(1) W.J. Stantan & R.H. Buskirk, op. cit., pp. 305-307.

fully balanced selling effort.

3- To ensure treatment of customers. A good compensation plan should encourage sales people to treat customers properly. This aim is, in some respects, a corollary of the goal of controlling and directing the sales force, because consideration of customer interests ordinarily is in line with company objectives. Improper treatment of customers is a sure way to lose them to competitors.

4- To attract and keep competent sales people. A good compensation plan should assist in attracting the caliber of reps wanted by the company. Both the level and the method of compensation are important in reaching this goal. A sound plan should also help to keep desirable people and' eliminate poor performers. Because no fool-proof hiring system has yet been devised, a firm with a reasonably good selection system may still make mistakes in hiring. Then the burden of discovering and eliminating these people falls to other managerial tools, one of which is the compensation plan.

Basic Requirements of a Sound Plan:

In order to have some chance of achieving general objectives such as the four just stated, the compensation plan

needs to meet certain requirements. There is no standard list of these points. In fact, there .is no sharp dividing line between an objective and a requirement of a sound plan.

1- Provision for two types of income. An ideal compensation plan for a sales force provides both a steady income and an incentive income.

Steady income. Any plan should provide a regular income, at least at a minimum level. The principle behind this point is that sales reps should not have to worry about how to meet living expenses.

1- Incentive income. Besides a regular income, a good pay plan should furnish an incentive to induce above-minimum performance.

2- Simplicity. Simplicity is a hallmark of a good compensation plan.

A plan should be simple enough that sales people have no trouble understanding it, and are able to figure out what their income will be. The plan also should provide for payment as soon as possible after income is earned.

3- Flexibility and stability. A good plan is sufficiently flexible to meet the needs of individual territories ,products, and sales people. Not all territories present the same

opportunity. A representative in a territory where the company is the leader ordinarily should not be compensated by the same method as a rep in a newly entered district. Flexibility is needed to adjust for differences in products. Some products are staple and can be sold on an undertaking basis with frequent repeat sales. Others are sold once to a customer with no reorders. In this case, much creative selling is needed. Variations in a sales person's performance should be rapidly reflected in earnings. Few things ruin morale faster than failure to compensate a sales person for extra effort because the pay plan is inflexible.

4- Economy and competitiveness. From management's standpoint, a compensation plan should be economical to administer. Furthermore, a firm wants to keep its sales-force expenses in line with those of its competitors.

5- Fairness: A good compensation plan is fair to both the sales force and management. One way to ensure fairness in a plan is to base it one measurable factors that are controllable by the sales force.

Steps in Designing a Plan[1]:

(1) Review Job Analysis and Description

The first step in the design of a new compensation plan or the revision of an established one is to carefully review the detailed job description. A separate description should be included for each selling position, such as sales engineer, missionary sales person, or sales trainee.

(2) Determine Specific Objectives of the Plan:

Part of the job of designing a compensation plan is deciding specifically what it is intended to accomplish.

The following are examples of specific objectives:

- Increase volume of net sales.
- Increase sales volume of a certain class of porducts or to certain classes of customers.
- Obtain new accounts.
- Stimulate missionary work. This includes such activities as training dealer salespeople, making demonstrations or building displays.
- Minimize expenses.
- Develop a new territory.

([1]) For a managerial guide to designing an effective sales force compensation plan. see John W. Barry and Porter Henry, Effective Sales .Incentive Compensation (New York: McGraw—Hill, 1981).

(3) Determine Job Elements Controllable by Sales Force and Objectively Measurable.

(a) Compensation should be based only on those items (1) that are controllable by sales people and (2) that can be measured. This ideal is virtually impossible to implement completely.

Most factors contributing to sales success are controllable by the sales force only partially or not at all. Sales people have some control over their sales volume, for instance, but this control is limited by product attributes and company pricing policies.

(b) The next step is to give as much consideration as possible to the elements that can be measured objectively. For instance, sales, selling expense, calls made, new accounts brought in, displays set up, or gross margin contributed are all quantitatively measurable. In contrast, such activities as building good will or training dealer sales people are not easily evaluated.

(4) Establish the Level of Compensation importance of level:

The level of pay means the average earnings of the sales people over a given period. Usually a firm establishes the level of pay before determining the method of compensation. In

many respects, the level is more important than the method To the sales reps, the level is their average gross income. To the company, the level of income is the direct sales cost.

Unless a firm gives adequate attention to pay levels, it may be either under or overcompensating its sales people relative to competitor's sales forces. Factors influencing level of compensation:

When establishing the level of compensation, management must consider. some guidelines such as the experience requirements, the caliber of the job, or how well the company and its products are known. The pay level usually must be higher in a firm that spends less for advertising or is less well known than other companies. The firm with an effective sales-training program may pay at a lower level. The organization that has no such facilities must hire experienced sales people.

The amount the firm can afford to pay is an influencing factor in some cases, whether or not this level is competitive. A company in a weak financial position may have to tie sales representatives. Earnings directly to their productivity by paying them straight commission.

Some correlative relationships may be useful guides. The level of sales compensation seems to be closely related to the

size of the company and the age of the sales people. (a)Smaller firms in an industry tend to pay their sales forces more than larger firms. This seems to occur because the smaller firm usually is less known, spends less on advertising, and has yet to develop a reputation for its products. Management must rely heavily on personal selling and a competent sales force.

(b)Sales people's earnings tend to be related to their age. This is understandable up to a point, because older representatives have more experience and have developed more skills, so their productivity should be higher.

(5) Determine the method of compensation

The compensation method chosen by a firm should (1) enable the company to reach its specific objectives, (2) bring the average earnings of sales people to the desired level, and (3) meet as many of the requirements of a sound plan as possible.

The building blocks available to -management when constructing a sales - compensation plan include:

* Salaries.
* Drawing accounts.

* Commissions.
* Bonuses.
* Expenses.
* Profit sharing.
* Indirect monetary benefits (vacation, insurance, pensions, and so on).

Some of these components act as an incentive for the sales force; others offer stability and security in earnings; still others may help the firm to control its sales costs. The more elements used in building a plan, the more complex it is.

Fundamentally, there are only three widely used methods of compensating a sales force:

(1) A straight salary-a fixed element related to a unit of time during which the sales person is working.

(2) A straight commission a variable element related to the performance of a specific unit of work.

(3) Some combination of compensation elements.

When selecting a compensation method, management should consider some factors such as:

* Nature of the market and channels of distribution.

* Nature of the job.

* Caliber of the sales people.

* Financial condition of the company.

* General business conditions.

* Suggestions from the sales force.

(6) Pretest the Plan

After management has tentatively selected the method of compensation to be used, the next step is to pretest the entire Compensation plan, This involves determining how the proposed plan would have operated if it had been in effect during the previous few years. Management can estimate—what the cost to the company would have been and what income would have been earned by the sales people. Pre—testing a compensation plan is a simulation exercise that can easily be done on a computer.

(7) Introduce Plan to Sales Force:

If the plan has been developed carefully, the sales people have already been asked for their suggestions and criticisms. When The plan is ready to be installed. Often. sales people believe that management is only trying to cut sales costs. That

is, any adjustment in compensation must be intended to lower their earnings. The final plan should be introduced in small conference groups. There the reps have a chance to ask questions, and management has the greatest possible opportunity to explain the system.

(8) Install Plan and Evaluate It Periodically

A compensation plan may be installed throughout the entire sales force, or it may be tested in only one or two territories. If a company cannot conduct a realistic pretest, then it may field test the plan in a few districts under actual selling conditions.

The final step is to make certain the entire plan will be reappraised frequently to prevent it from becoming outmoded. A common mistake is to spend much time and money developing a good compensation system (or selection or training program) and then let the system become outdated. A person' S job often changes over a period of time. Market and product conditions change. It is only sound management to keep a compensation plan in tune with the times.

Types of Compensation Plans:

There are three basic types of compensation plans: straight salary, straight commission, and a combination of salary and

variable elements.

(A) Straight Salary Plans:

A salary is a direct monetary reward paid for performing certain duties over a period of time. The amount of payment is related to a unit of time rather than to the work accomplished. A salary is a fixed element in a pay plan. That is, in each pay period, the same amount of money is paid to a sales rep, regardless of that person's sales, missionary efforts, or other measures of productivity.

When a Straight Salary Plan is Best:

Generally speaking, a salary plan is best used when management (1) wants a well—balanced sales job and (2) is able to supervise and motivate the reps properly. Some of the specific situations for which a straight salary is better suited include:

- Sales recruits are in training , or they are still so new on the job that they cannot sell enough under a commission to make a decent income.
- The company wants to enter a new geographical territory or sell a new line of products. Several reps must work together for long periods in order to sell one account.

- Several reps must work together for long periods in order to sell one account.
- Sales involve a technical product that requires lengthy presale and postsale service and negotiations.
- The job entails only missionary sales activities.

(B) Straight Commission Plans

The straight commission plan involves a regular payment for the performance of a unit of work. A commission is related to a unit of accomplishment, in contrast to the salary method, which is a fixed payment for a unit of time. A commission is usually based on factors that are largely controllable by the sales people. A commission plan consists of the following three items:

1- A base on which performance is measured and payment is made-for example, net sales in dollars or units of the product.

2- A rate, which is the amount paid for each unit of accomplishment.

3- A starting point for the commission payments.

When a Straight Commission Plan is Best

Conditions under which the straight commission method is best can be summarized as follows:

- A company is in a weak financial position and therefore selling costs must be related directly to sales.
- Great incentive is needed to get adequate sales.
- Very little nonselling, missionary work is needed.
- Adequate field supervision is not possible or feasible, so the firm must rely on a commission to accomplish the desired sales objectives.
- Business conditions are good, and the sales force as a group prefers to go on straight commission.
- The firm uses part-time sales people or independent contractors.

(C) Combination Plans

Today, some form of combination pay plan is used in. over 75 percent of all sales forces. Broadly speaking, the purpose of any combination plan is to overcome the weaknesses~' of a~ single method; while at the same time keeping its strong points. The various compensation elements may be grouped in countless ways to form a pay system. However most of the

combined plans fall within the following few categories:

- Salary plus commission and/or bonus.
- Commission and guaranteed drawing account.
- Commission and bonus.

The additional compensation elements of profit sharing and expenses may be worked into any of these groupings. Or they may be combined with either straight salary or straight commission.

a- Salary-Plus Plans

Three commonly used combination plans involving salary.

- Salary plus commission. This plan is probably used more than any other type of compensation method. However, no generally agreed on percentage division prevails between the fixed and the variable. elements.

- Salary plus bonus. For the company that- wants to control its sales force ..t all times and still offer some incentive, a salary plus bonus may be the answer.

Usually, the salary element constitutes the major part of the total earnings-much more so than in a salary commission plan.

- Salary plus commission and bonus: This plan is likely to

be used by firms that use a salary plus commission plan, but occasionally would like to stimulate some specific, extra nonselling effort. Management may want to get some new accounts or push the missionary work behind one product line. In situations of this nature, the bonus feature is an ideal addition to the pay plan.

B- Commission-Plus Plans

Two additional typical combination plans involve a commission but not salary (1) Commission plus guaranteed drawing Account: A guaranteed drawing account is an advance against commissions. It must be paid back if commissions are large enough in a given period. However, any indebtedness at the end of the period is canceled.

From a mechanical standpoint, a guaranteed draw is much like a salary. The draw plus a commission is similar to a salary plus commission over quota. In this case, the quota would be the amount of the drawing account.

(2) Commission plus bonus: Sometimes an organization wants to alleviate the ills of a straight commission plan without of a straight commission plan without having a fixed Cost element such as a salary or guaranteed draw. The addition of a bonus structure may be a happy solution, particularly when the

commission is paid on net sales.

Point systems in Compensation Plans

In a point system for compensation, credit doe pwedoemance of a task is recorded in points. Then compensation is paid in proportion to the total points earned in a given period. The point system is not a separate basic compensation method Instead, it is a distinct way of determining how much to pay a sales person under one of the plans discussed earlier. Under this system, management assigns point values to each task in relation to the emphasis attached to that activity.

The entire compensation plan, or only a part of it, may be related to a point system. For instance, under a straight commission plan a sales person may be paid 5 pounds for every 10 points accumulated. These point values may be related to gross margin as follows:

1. Products with a margin of cent: 1 point for each 25 pounds of sales.
2. Products with a margin of 19-3 percent: 3 points for each 25 pounds of sales.
3. Product with a margin of over 30 percent: 5 points for each 25 pounds of sales.

In addition, the firm may encourage sales rep to pay attention to something other than sales volume by giving points for nonselling tasks, such as:

1. New prospect called on: 10 points.
2. Order from a new account: 25 points. (This is in addition to the points acquired in relation to the gross margin an the order).
3. Display built: 20 points.

Probably the biggest advantage of a point system is its flexibility, which enables management to guide and control the sales—force activities. Management can change the emphasis on any given task simply by changing the point values for accomplishing it. A sales executive can broaden the base on a commission plan simply by assigning points to additional jobs. Furthermore, it usually is easier to chance point values than to alter the base or rate for a commission.

Reimbursement of Sales Expenses:

The two general policy alternatives on raimbursing sales expenses are : (1) require sales personnel to pay their own expenses, or (2) reimburse sales personnel for all or part of the expenses they nay.

The first alternative is the simpler by far, but few

companies choose it.

Most firms choose the second policy alternative—full or partial reimbursement of sales expenses. When all or some sales expenses are reimbursable sales management must be concerned directly with expense control.

Two commonsense principles guide management in formulating expense - reimbursement policies.

(1) Reimbursable expenses should be large enough to permit the performance of assigned duties in the manner expected. All expenses incurred because sales personnel are away from home on company business should be reimbursable.

(2) Expense-reimbursement policies should take into account the customary standards of living of the salesperson and of the customers, but the emphasis should be on the latter. The salesperson should eat in restaurants and stay at hotels of the class ordinarily patronized by the customers. In some instances different salespeople in the same company should be allowed different. amounts for expenses, reflecting deviations in customers standards of living. Another reason for different-size expense accounts is that actual expenses vary a great deal from one territory to another.

CHAPTER 9

SALES TERRITORIES

Introduction:

The design of sales territories is a key element in the formulation of a strategic sales programmer. The reasons for this are numerous. On one hand, the total market for most firms is too large to be managed efficiently without a territorial structure. On the other hand organizing sales 'territories enables management to bring the various aspects of planning, such as sales forecasting and sales budgeting, down .to limited geographical areas, Also it is rather difficult to direct and evaluate sales people's performance without having sales territories.

Meaning of a sales territory:

A sales territory is a group of present and potential customers –locatedwithin a given geographical areas- thatare

assigned to asales person, branch or middleman (retailer or wholesaler).

The key word in this definition iscustomers not geographicalA "good "sales territory is the one which is made up of customers not places. By customers it is meant people who have money to spend and the willingness to spend it (notice that a market is measured in terms of customers rather them in terms of square mi1es).

Benefits of establishing territories

A firm, especially a medium or a large-sized one can derive several benefits from designing sales territories. Obvious among these are:

1) Ensuring proper market coverage. Sales people are libely to cover their market more thoroughly if they are each assigned a specific geographical area rather than ifthey are allowed to sell inanyarea.

2) Improving customerrelations:

Improving customers relations. A territorial structure can improve the quality of service that sales people give their customers, Regularity in sales calls is especially important for staple, repeat-order types of products. If the regular sales person is not there, the order can just as easily be given to ?competitor.

3) Increasing sales people's morale and effectivenessWhen sales reps have their own territories, they are virtually in business for themselves. They realize that they alone responsible for the results in their districts. They may route themselvesmore carefully and plan the frequency of their calls better.

4) Control and evaluation of sales force. Having assigned territories gives management an effective control mechanism. Also, monument can measure a rep's actual performance against a territorial potential or quota.

5) Reducing selling costs when reps are restricted to one area they probably spend less time and money traveling than if they sell anywhere in the total market. If reps spend less time travelling, their effective selling time should increase.
6) Facilitating performance of ether sales and marketing activities. Analyzing sales and cast data can be more meaningful on a territorial basis rather than for the market as a whole. Management can use marketing research more effectively to set realistic quotas and to prepare sales and expense budgets.

Designing sales territories:

Designing, orredesigning,sales territories goes through a number of steps,These are:

1) Select a controlunit for territorial, bound dries.
2) Analyse sales people's work load.

3) Determine basic territories, considering sales. potential and call patterns.
4) Assign sales people to territories.
5) Establish territorial coverage plans for the sales force.
6) Conduct territorial sales and cost studies, on a continuing basis, These steps are shown in figure (1).

1)

2) Determine basic control unit for territorial boundaries:

The first step in designing territories is to select a geographical control unit as a territorial base. Commonly used unitsare governorates, cities and districts. A typical territory may comprise several individual units.

The unit should be small for at least two seasons. These are:

a) a small unit helps management to realize one of the basic values of territories. This is the geographic pinpointing of potential customers.

b) The use of small control units makes it easier far management to adjust the territories. If an organization wants to add to one person's district and reduce another's a city unit. facilitates the; adjustment better than a governorate unit.

3) Analyze Sales People's Work Loads:

Territorial design depends basically on the company's sales potential and the work load of its sales force. Consequently, management should identify and measure the factors influencing these work loads. Two companies, each selling in markets of comparable potential and geographical size, may have quite different territorial structures simply because of a difference in the sales repswork loads. Such a difference may arise from.

A) Nature of the Job:

A sales rep's call patterns are influenced by the nature of the job. A rep who only sells can make more calls per day than the rep who must do a considerable amount of missionary work along.with selling. In strongly competitive markets with a concentration of large accounts, two sales people maycover,each account. One may call Periodically to do straight selling, while the other takes care of any necessary missionary work.

b) Nature of the Product:

The nature of the product can also affect a sales person's call pattern.A staple, convenience good (canned foods) Kith a rapid turnover rate may requiresnore frequent calls than would an Industrial product (conveyor belts) withverylimited repeat-sale business.Therefore, a rep who sells theindustrial product

can handle more accounts than the personwho sells the convenience good.

c) Stage of Market Development.

When entering a new market, acompany's territories typically are larger than markets where the firm is well entrenched even though the -market potentialis comparable .in the old and new regions, A large geographical district is needed initially to yield an adequate volume of business.

d) Intensity of Market coverage.

If a firm wants Bass distribution, it will need smaller territories than if it follows a selective or exclusive distribution policy, A firm can also eliminate a number of its unprofitable accounts without reducing the size of its territories. The sales reps are encouraged to devote more time to the remaining accounts in an effort to develop additional business.

e) Competition:

No general statement can be made about the net effect competition has on the size of the territory. If management decides to make an all-out effort to meet competition, then territorial borders will probably toe contracted.

Sales people will be instructed to intensify their efforts by increasing the frequency of calls and the length of time spent with each account.on the other hand, competition may be so fierce, or the territorial markets so overdeveloped, that the company is not going to make much profit in the district. Therefore, it may decide to expand the geographical limits of the districtand have the sales rep call only on selected accounts.

4) Determine Basic Territories:

The third general stepin designing sales territories is to establish a fundamental territory Based on statistical measures.

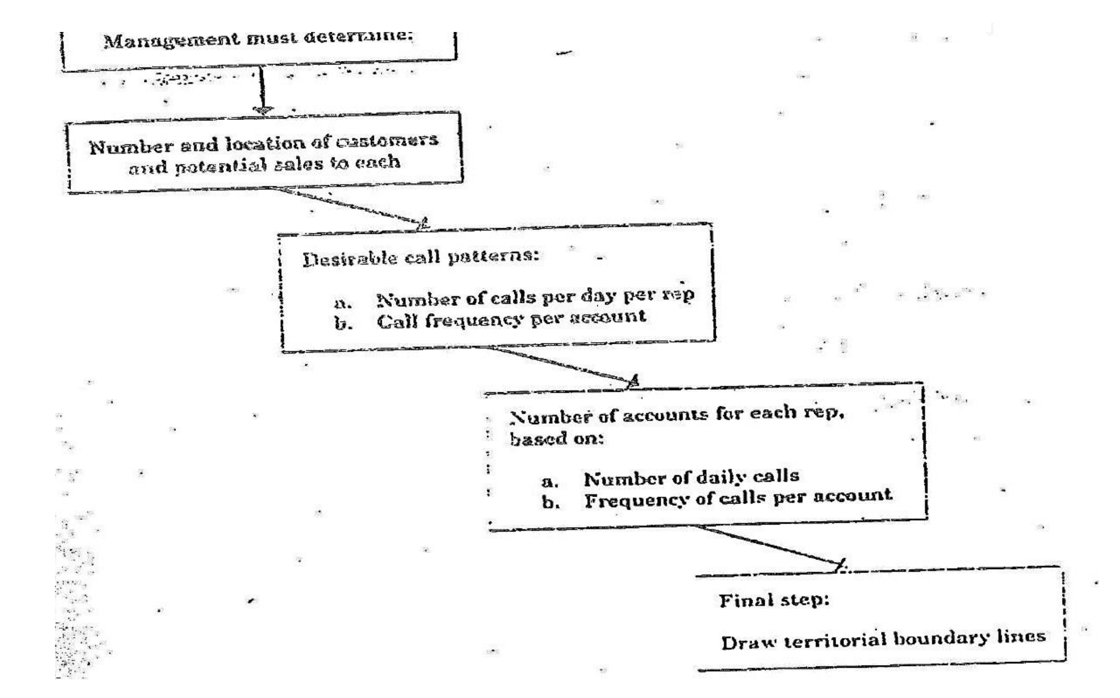
This cars be accomplished byUsing either the buildupor the breakdownmethod. Under the buildup procedure, territories are formed by combining smallgeographical areas based on the controlunit selected. The breakdown system involves division of the whole market into segments. The buildup method is particularly suited for manufacturers of consumer products or for companies that want intensive distribution. The breakdown method is more popular among manufacturers of industrial products or organizations that .want selective distribution.

A- Buildup Method:

Several variations are possible in establishingterritories by building up from the basic control unit. Usually, however, these variations depend on some type of customer analysis and study of the sales people's call patterns. A suggested procedure is outlined in the following-paragraphs (see Figure (2)).

a. Determine number, location, andsize of customers. Management should determine the number, location, and size

Figure "2" Buildup method of territorial design



Of both present and prospective customers within each selected control unit. Size is measured in terms of potential purchases. Sales records should indicate the location of present customers in each control unit. Prospective customers can be identified with the aid of company sales reps plus outside sources such as trade directories.Once the customers are identified.

managementshould assess the potential business it expects from each account.

management then can classify these accounts into several categories based on their potential profitability to the seller. This step furnishes some of the necessary background for determining the necessary background for determining the sales people's call patterns.

b. Determine desirable call patterns. In step 2, management should establish desirable call patterns in each territorial

control unit. This means determining the number of calls to be made in a day and the frequency with which each account should be visited.

The number of calls a rep can effectively make in one day depends on several factors. One is the average length of time required for a call. This is influenced by the number of people to be .seen on each call and the amount of missionary work to be done. Another factor is the amount of travel time between customers.

The call frequency is affected by the nature of the product, customer buying habits, the nature of competition, potential business done with an account, and the cost of calling on a customer.

Determine number of accounts to assign each sales person. By relating (1) the average number of daily calls and (2) the average frequency of calls for each class of accounts, management can tentatively determine the number of

customers for each sales rep, To illustrate let's assume that one person averages 6 calls a day (30 a week) and that each customer is called on once a month. Each sales rep then can call on approximately 120 customers (30 calls per week x 4 weeks per month = 120 calls per month, or 120 customers called on once a month).

c. Draw territorial boundany lines, The final step is to accumulate though contiguous territorial control units so that the number of accounts constitutes an adequate potential and a reasonable work load for one sales person.

B- Breakdown method:

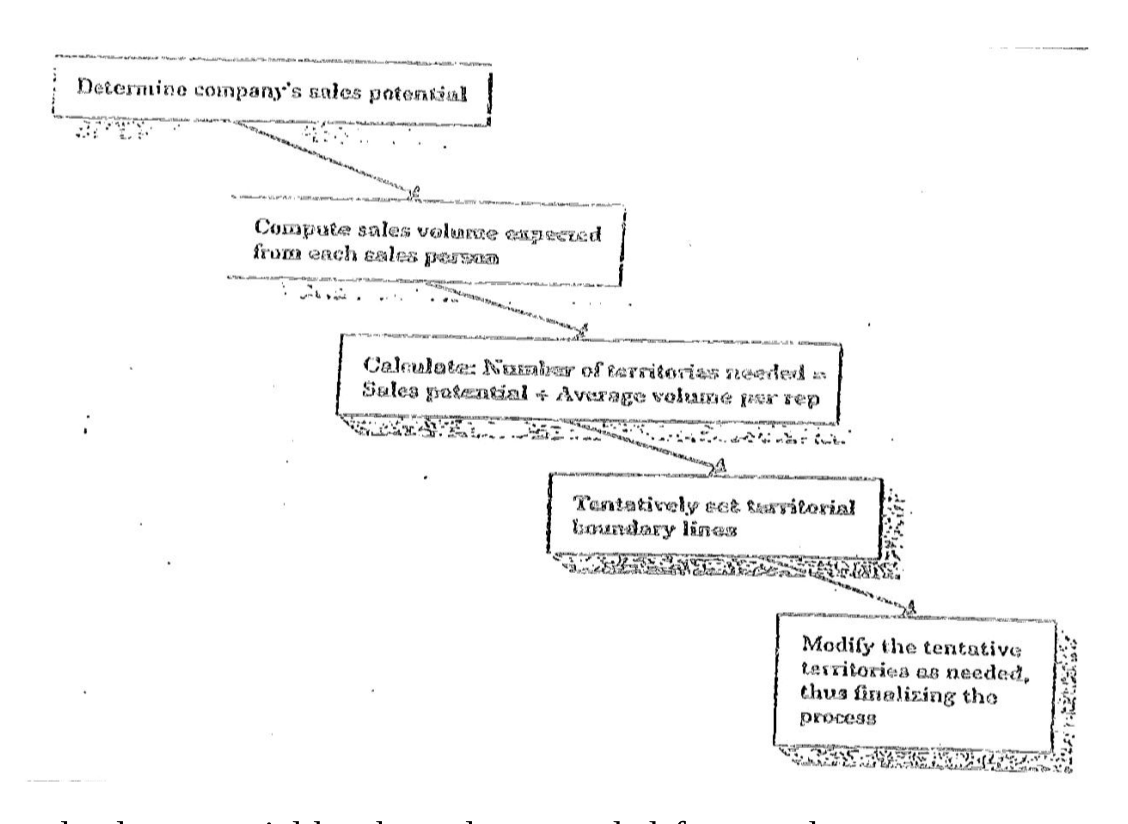
The breakdown method is often used by firms that want exclusive distribution or that sell some type of industrialproducts (see Figure 3)

a) Determine sales potential. The first step is to determine what sales volume the company can expect in its entire

market and in each territorial control unit. To obtain regional potentials the firm first estimates the industry wide potentials for the total market in which it operates. Then the firm can calculate its sales potential in its total market and in each territorial control unit.

b) Determine volume expected from each sales person. Management must establish how much each sales rep must sell to have a profitable business. A study of past sales experience and a cost analysis is are often used to determine this information.

Determine number of territories needed. The third step is to divide theFigure "3" Breakdown method of territorialdesign



total sales potential by the volume needed from each person. The answer is the number of territories a company must establish. For instance, if the total potential is 20 million and the average volume per person is 500,000 then the business needs 40 sales reps.

d. Tentatively establish territories. The final stage in the statistical phase of the breakdown method is to divide the entire market so that each sales rep has about the same

potential. In the company with 40 sales people, each would be assigned an area comprising about 2.5 percent of the company's total sales potential (40 reps, each with 2,5?j of the company's sales potential equals 100% of potential). The potential has already been, established for each of the basic territorial control units. Therefore, management needs to assign enough contiguous units to each sales person so that he or she has 2.5 percent of the total potential. The boundaries of each territory should coincide with the borders of the control units.

e. Modify basic territories. Up to this point in the breakdownprocedure , the company's salespotential has been the controlling factor in designing the .territories. Now, management should modify these tentatively established districts according tothe work-load requirements set for the .galas people. As mentionedbefore, such factors as the nature ofthe product or the stage of

market development may influence the work loads arid call patterns, and consequently, the.

5) Assign Sales People to Territories

Once the sales territorieshave been established, management can assign individual sales people to each district, Up to this point, we have implicitly assumed that the sales people have equal selling abilities, and that each person would perform equally well in any territory,Obviously , this is not a realistic assumption.

In any given sales force,the reps may differ in selling effectiveness .they also vary in experience, age, physical condition, initiative, and creativity. A sales rep may succeed in one territory and fail in another, even though the sales potential and work load are the same in both districts many companies intentionally design some sales territories so that they are un equal in size, as measured by the rep's work load or the territorial sales potential. These unequally sized territories

accomplish. Two purposes. One is to accommodate some of the other is to give executives some flexibility in managing their sales forces. For example, many firms intentionally design a small territory for beginner or sales tidiness. Then, as rep progressively larger one.

6) Establish territorial coverage plans After designing territories and assigning sales people to their separate districts, management then should tan now each rep will cover his or her how each rep will cover his or her territory in effect, In effect, managing territorialcoverage is an exercise inmanaging the sales reps time,

The management of territorial coverage involves two main-tasks routing the sales people and scheduling their time.

a. Routing the Sales Force.
b. Routing is the managerial activity that establishes a formal, pattern for sales reps to follow as they go through their

territories. This pattern is usually indicated on a map or list that shows the order in which such segment of the territoryis to be covered.

c. Scheduling the Sales people's time. Scheduling the activities of sales people is a key component in the management of territorial coverage. Scheduling may be de fined as those activities designed to make effective use of a sales person'stime.

CHAPTER 10

SALES QUOTAS

INTRODUCTION:

Establishing goals for each sales representative is a major element in sales management planning and control. The goals assigned to sales reps are called quotas. The quotas help manages to plan for the amount of sales and profit that will be available at the end of the planning period. Quotas also help in evaluating the effectiveness and the quality of sales reps performance.

What does a sales quota mean?

A sales quota is a performance goal assigned to a marketing unit for a specific period of time this definition has three dimensions. These are:

1. The performance go al. this goal can be expressed in terms sales of value (for example 10.000 L.E. sales);selling activities and or product units.
2. The marketing unit, This unit maybe:

- a sales person
- a branchoffice.
- a district or region and or.
- a dealer (retailer or wholesaler) The specified time: period, This period may be a month, aquavter, six months or a year.

An example of a sales queta may be:

"For the coming three month period, each sales person has to achieve a sales value of 30,000 L.E distributed over the three types of products A,B and C .with the ratios 40% , 35% and 25% respectively".

Purposes of sales quotas:

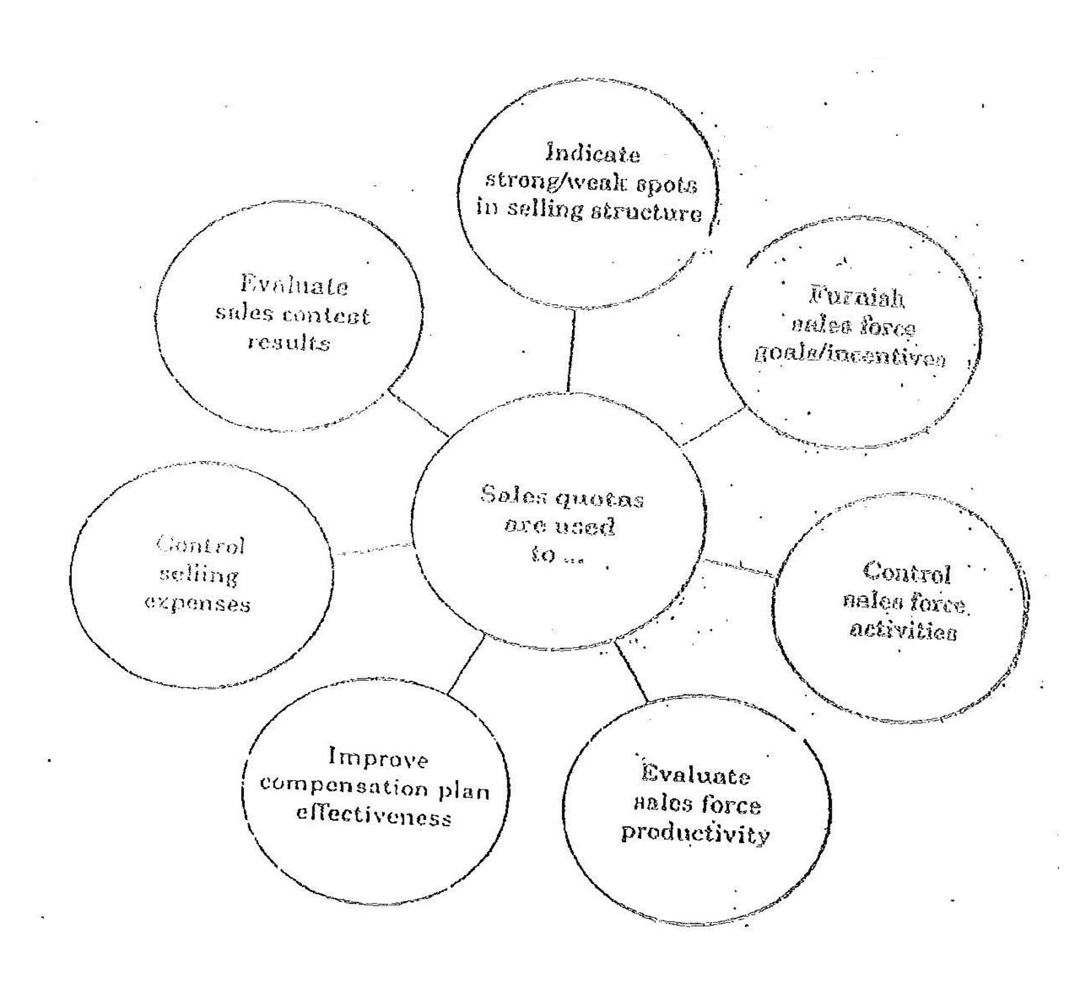
Setting up an effective system for defining sales quotas propevly canserve several purposed These are:

1. Indicating strong or. weak spots in the selling structure .
2. Furnishing goals and incentives for the sales- reps .

3. Controlling sales parsons activities.
4. Evaluating productivity of sales people.
5. Improving effectiveness of compensation plans.
6. Controlling selling expenses.

These purposes are shown diagrammatically in figure (1) . They are also explained below.

Fig (1): Purposes of sales quotas



1) To Indicate Strong or Weak Spots in the Selling Structure,When accurate quotas are established for each territory, management can determine the extent of territorial development by whether or not the quota is being reached, If the sales total significantly exceeds the

predetermined standards, management should analyze the reasons for this variance. If the actual sales are under the quota, management is immediately warned that somethingmay be wrong in that district, Failure to meet a quota tells management that something has gone wrong.Of course, it does not tell why the failure occurred. It may be that competition is stronger than expected, the sales people have not done a good selling job, or the potentialwas overestimated .

2) To Furnish Gouls and Incentives for the Sales Forcer:

In business, as in any other sortof activity individuals usually perform better if their activities are guided by standards and goals. It is not enough to say to a sales person, "We expect you to do a good selling job,"It is much more meaningfu1 to express this expectation in a specific quota consisting of a given value sales volume or number of new accounts to be acquired during the next month. Without a

standard of measurement, sales reps cannot be certain their performance is satisfactory.They cannot tell whether they are doing good or bad.

3) To Control Sales People's Activities:

Quotas enable management to directthe activities of the sales force more effectively than would otherwise be possible. Through the use of the appropriate type of quota, executives can encourage a given activity such as selling high margin items or getting orders from new customers. T he sales reps are not likely to know which area of activity should be stressed unless management tells them.

4) To Evaluate Productivity of Sales People:

Quotas provide a yardstick for measuring the general effectiveness of sa1es representatives. By comparing a rep's actual results with his or her quota, management can evaluate

that person's performance. Quota predominance also provides guidance for field supervisors

by indicating areas of activity where the sales force needs help, Decisions on whether to, give sales people promotions or raises are often based largely on their performance in relation to their quota.

5) To Improve Effectiveness of compensation plans:

A quota structure can play a significance role in a 'Sales compensation system, Quotas can furnish incentives to sales people who are paid on & straight salary. A sales rep knows, too, that a creditable performance in meeting assigned quotas reflects favorably on him or her when it is time for a salary review Quotas are also fundamental to many plans involving commission payments.

6) To control SellingExpense:

Management can often encourage expense control by the use of expense quotas aloha. Without tying them to the condensation plan. Some companies gear payments for the sales people's expenses to a quota. For instance, a business may pay allthe expenses of a sales rap up to 8 percent of sales. Other companies may. set an expense quote and let the sales people know their effective ness is being judged in part by how well they meat it.

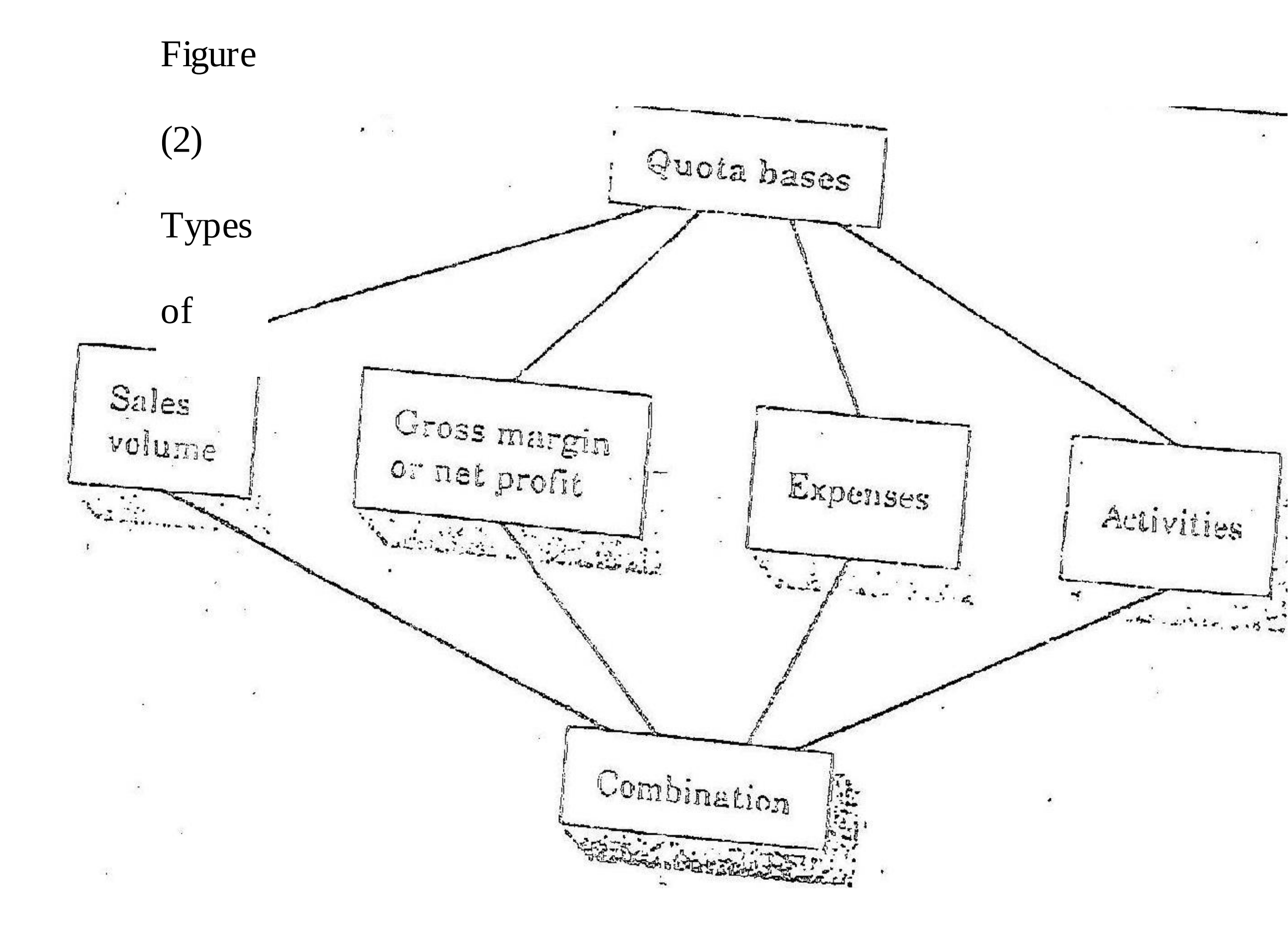
- Types of Quotas.
- The most frequently used types, of sales quotas ate those baaed on :
  - Sales Volume.
  - Activities.
  - Gross margin or nee profit.
  - Expenses.
  - Some combination of the four.

Management uses volume goals because they are simple to understand andeasy to calculate. Many sales managers regard sales volume as the only real measure of n rep's worth to the company. However, sale; volume alone, does not tell the full story of a rep's productivity and effectiveness, It does not indicate, the profit: generated by the person's efforts. Nor does it measure .the extent to which the rep.has done, a fully balanced sales job. In fact, volume quotas discourage balanced activities by the sales force because they stress volume to the detriment of non-selling activities and possibly profits.

The type of quota that management selects, depends on several factors, including the nature of the product and the market. Let's assume a company wants to correct an unbalanced Inventory. Then a volume quota see by productlines may be used To move the surplus stocks of the items. A firm that sells to a few large accounts :can set a volume quota for each customer.more easily than an

organization that sells to many outlets. If management wants to develop a new territory, it should probably set an activity quota in preference, to a volume or expense quota. see Figure (2):

Figure (2) Types of



salesquotas:

Sales volume Quotas:

Undoubtedly the most widely used type of sales quota is one based on sales volume. A volume quota may be established for a geographical area, a product line, a customer, a time period, or any combination of these bases.If management uses a volume quota, the smaller the marketing unit for which the goal is set, the more effective the quota Is as a tool for managerial control, Instead of setting a quota for an entire region, it Is better to have one for each territory. Ordinarily, it is more effective to set a monthly or quarterly quota than an annual one. Some high-performance sale a organizations set daily, even hourly, sales quotas. This is particularly prevalent in telemarketing firms .

Management must decidewhether toexpress volume quotas in L.E. of units of product sold. The L.E. base is probably the

more frequently used of the two. It is particularly good if the firm sells a wide variety of items, as does drug company. Using L.E. as the base also enables management to relate volume quotas to other measures, such as expenses or 'compensation, by means of ratios.

If a product line consists of relatively few items that carry high unit prices, a quota may be expressed in units. Even when a company sells a large number of products, it may be feasible, to group them in to a few broad lines and then set unit quotas for each line. For example, an appliance wholesaler may set unit goals for small appliances in one group, white goods (refrigerators ,.Cookers washers) as a second group, and electronicproducts (radio, stereos,televisions) as a third line.

Profit Quotas:

Many companies set quotas based ongross margin or net profit. These goals may be established on many of the same bases as a volume quota, For instance, a gross margin quota may be set for a sales person. a branch, or a group of products. The preference some companies show for profit instead of volume quotas reflects management's recognition of the importance, of profit as compared with volume.

High-volume operators are not necessary the best sales reps for company interests. Unless the firm controls these reps, they may decrease company profit every time they Increase their volumeThey may be emphasizing the sales of unprofitable items or sales to unprofitable customers.

Note, however, that a volume quota may work essentially Coward the same end as a gross margin quota. This happens when management properly sets a volume quota for each product line to encourage the sales of high-margin Items and give little credit for low-margin goods.

One significant drawback to gross margin or nee profit quotas is the possibility chat friction may: anise between management and the reps. The sales force members may not (1) understand the derivation of their quotas or (2) be able to compute their progress. Another limitation particularly of a net profit quota-is that the goal is bossed on factors over which the sales reps do not. have complete control. A compromise approach is tobase the quota on a rep's contribution to profit. Contribution to profit (orcontribution margin)is the amount left after deducting a sales person's direct: expenses (the. ones the rep can control) from his or her gross margin. The remainder is the amount the rep is contributing to cover the overhead (fixed) costs.

If the rap has any control overprice, volume quotas arc nonsense. Volumewill be bought by lowering price. Price setting sales reps must not only be paid according to their

profitability,but their quotas should also be based ongross margins realized.

Expense Quotas:

Some companies attempt to encourage a profit consciousness by establishing a quota based on the rep's travel and other expenses. Often, the expense quota is related to sales volume or to the compensation plan. A sales rep may be given an expense quota equal to 4 percentof sales, that is. direct expenses , such is travel, entertainment, food, and lodging, must not exceed 4 percent of net sales flume .

Expense quotas probably encourage a sales person to be more awareof costa and profits than volume goa1s . Nevertheless it seems that. an expense quota is a negative approach to the problem. A rep's attention may be tore devoted to cutting expenses than to hosting the dries of profitable products.

Activity Quotas:

One way to decrease the overemphasis on sales volume is to establish a quota based onactivities. Management nay select from such tusks as (1) dally calls, (2) new customers called on, (3)orders from new accounts, (4) product demonstrations made, and (5) displays built.An activity quota properly established andcontrolled can do much to stimulate & fully balanced sales job. This type of quota is particularly valuable for use with .missionary sales people. Probably the principal difficulties' in administrating an activity quota -are, first to

determine whether the activity' actually was performed and second to find out how effectively. it done.

The logic is sound. Sales resultfrom doing & lot of things right-making many calls on the. right people, givingdemonstrations opening new accounts,suggesting new or additional products. Thus if the manager wants to build the

sales volume of the sales force,, a way .must be fount! to encourage reps to do the basic things that result in sales.

Combination Quotas:

Companies that are not satisfied with any single type of quota may combine two or more types, As an example, a firm may want to establish a quota based on three activities, plus gross margin in one product line, and sales volume In another.

Characteristics of a good quota plan:

A good quota plan should enjoy the following characteristics:

1) Realistic attainability:

If a quota is to spur the, salesforce to maximum effort, the goal must: be realistically attainable. If it is too far out of r6ach9 the sales people will lose their incentive.

2) Objective accuracy:

Regardless of what type of quota management uses,, It should be related to potentials. Executive judgment is also. required, but It should not be. the, sole factor in the decision.

3) Ease of understanding and administering:

A quota must be easy for both management and the sales force to understandAlso, the system should be economicalto administer.

4) Flexibility:-

All quota systems need adequate flexibility. Particularly if the quota period is as long as a year,management may have to make adjustments because of changes in market conditions. But management should avoid unlimited flexibility since this may result in confusion.

5) Fairness:

A good quota plan is perceived as fair to the people involved. The work load imposed by quotas should be the same, for all sales reps. However, this does not mean that quotas must be equal Differences in potential, competition, and reps' abilities do exist.

Administration of Sales Quotas:

Usually the sales department is responsible for establishing the salesquota, and no approval of a higher exec-utives is need ad .Within the salesorganisation the task may, test with any of severalexecutives. The chief sales executive maybe responsible £or setting the total company quota. But the individual breakdown may be delegated down through the regional and district managers . Or territorial sales potentials may be given co the district managers , and they set the sales people's quotas.

Gaining sales Force Acceptance of a Quota Plan:

A final essential ingredient in a well-planned and well-operated quota system is its wholehearted acceptance by the sales force,. Sales people oftenare suspicious of quotas, either becausethe purposes are not apparent or because there are questions about the factors underlying the plan. The purposes of the quota, the bases on which the quota are set, and the methods used in the process should he explained to the reps. When the quota is ready for formal installation, the sales force will probably be more inclined to accept it if they have a hand in its development, Management also stands to gain by soliciting ideas from sales people because they may introduce considerations that escaped management's notice.

Sales reps should be kept informed about -their progress toward meeting the performance goal. Conferences and correspondence with the reps often are necessary. The sales force also needs some incentive to reach the goal. Thismay come .from a bonus for achieving the quota or from some other direct link. with the compensation plan. Management should make it clear that quota performance is reflected in periodic merit ratings, salary reviews

Chanter One

Selling And Marketing

Part On

Indicate whether each of the following statements is true or false and why?

1. Marketing programs are designed by senior executives around four elements of marketing mix(√)

تصمم برامج التسويق بواسطة المديرين التنفيذيين بحيث تشمل أربعة عناصر للمزيج التسويقي (العبارة صحيحة)

These elements are: products to be sold, pricing, promotion and distribution channels

هذه العناصر هي المنتجات التي يتم بيعها والتسعير والترويج وقنوات التوزيع.

2. There is no clear relationship between marketing and sales (X)

لا توجد علاقة واضحة بين التسويق والمبيعات (العبارة خاطئة)

الأجابة:

Marketing mix involves four elements: product, pricing, place, promotion. The promotion in turn includes advertising, public relations, personal selling and sales promotion.

يحتوي المزيج التسويقي على أربعة عناصر هي المنتج، والتسعير ومكان التوزيع والترويج بدوره يشمل الاعلان والعلاقات العامة وللبيع الشخصي وتنشيط المبيعات.

3. Personal selling is considered a non personal communication .(x)

البيع الشخصي يعتبر من قبيل الاتصالات الغير شخصية (العبارة خاطئة)

الأجابة:

Li is observed that advertising and sales promotion are non personal communication , whereas salespeople talk directly 10 custo ners . thus where advertising and sales promotion "Pull" merchandise through channel, personal selling, provides the " Kush" needed to get orders signed.

المبيعات وهي الاتصالات غير الشخصية بعكس الذين يتحدثون المباشر مع العملاء لذا فإن الأعلام المبيعات يسعيان إلى جذب العميل نحو المنتج فإن البيع الشخصي يحقق الدفع الذي يحتاجه العميل لاتخاذ قرار الشراء.

4. The effective management of company's sales three involves three inter relaled sets of processes(√)

تشتمل الإدارة الفعالة لجهاز البيع بالمنشأه على ثلاثة مجموعات متكاملة من العمليات (العبارة صحيحة)

الأجابة:

These processes are : هذه العمليات هي

1) formulating strategic sales program تصميم البرنامج الاستراتيجي للمبيعات

2) implementing the sales program تنفيذ برنامج للبيع

3)Monitoring and evaluating متابعة وتقييم أداء جهاز البيع

sales force performance

5) the ability to reach a given sale volume can be affected by external environment variables only (x) p.10

تتأثر قدرة جهاز البيع على تحقيق رقم المبيعات المطلوب بالعوامل البيئية الداخلية فقط (العبارة خاطئة) الأجابة ص10 .

6)environmental variables and role precipitation are the only factors intluence a sales rip's job behavior and performance (x).

المتغيرات البيئية وادراك رجل البيع لدوره هما العناصر فقط المؤثرة على سلوكيات وأداء رجل البيع لوظيفته.

الأجابة خاطئة:

There are five factors intluence a sales rip's job behavior and periormance these are environmental variables roles perceptions aptitude skill levels and mouvation level.

هناك خمسة عوامل تؤثر على سلوكيات وأداء رجال البيع لوظيفته هي العناصر البيئية وإدراك رجل البيع لدوره والخصائص الشخصية لرجل البيع ومستوى مهاراته ومستوى الحوافز المقدمة له.

7)sales persons are classified by typcer employer into face to face selling mail selling and telepnone mung (x)

يصنف رجال البيع بحسب القائمين بشراء السلعة إلى البيع وجها لوجه والبيع بالبريد والبيع بالتليفون.

العبارة خاطئة:

Sales persons are classified by type of employer into:

A manufacture's sales person wholesaler's sales person and retailer's sales person .

8)high pressure selling is quite different than low- pressure selling approach (√)

منهج البيع بالضغط المكثف على العميل يختلف كليا عن منهج البيع بالضغط الميسر (الاقناع) العبارة صحيحة.

This is because :

1) high pressure selling depends on enforcing the customer to buy whereas low pressure selling depends on convincing the customer to buy.

يعتمد منهج البيع المكثف على الإلحاح على العميل لكي يشتري السلعة لما منهج البيع بالضغط الميسر فيعتمد على إقناع العميل بشراء السلعة.

2)high pressure selling is a short run oriented selling approach low pressure selling depends on convincing the customer to re buy the product.

منهج البيع بالضغط المكثف على العميل يركز على البيع في الأجل القصير (البيع لمرة واحدة فقط) بينما يركز منهج البيع بالضغط للسير على اقناع العميل بالشراء لعدة مرات.

9)order- taker is the same as order making (x)

البيع المعتمد على تلقي طلبيات العملاء هو نفسه البيع المعتمد على صنع طلبية العميل.

العبارة خاطئة:

An order taker delivers the merchandise to the customers he doesm't persuade him he is not doing any creative cffort.

بناء على البيع المعتمد على تلقي طلبيات العملاء يقوم مندوب البيع بتلقي الاحتياجات التي يحددها العميل بنفسه ولا يقوم باقناعه بالشراء كما أنه لا يؤدي أي جهد ابتكاري.

An order maker is finding new customers he persuades them to buy he faces their objections he is following up he is interested in selling and reselling.

بناء على البيع المعتمد على صنع طلبية العميل يقوم مندوب البيع بالبحث عن عملاء جدد واقناعهم بالشراء والرد على اعتراضاتهم ومتابعتهم والاهتمام بكلا من البيع وأعادة البيع لهم.

10) physical and behavioral characteristics related to differences in sales performance include three main variables. ( ) p 26- 27.

Part two:

Fill the blanks in the following statements with suitable word (s):

1) personal selling can be defined as direct communication between …………………..and ………………

That lead to ………………..,…………

And ……………………………p.3

2)marketing programs are designed by senior executives around four elements of the marketing mix:.………………..

…………………,………………………

And ………………………………p.6

3) the promotion compenent includes

……………………,………………arid……………………
………………..

4)the effective inanagement of a company s sales force inyolves three interrelated sets of processes these are:

a)…………………………………………

b)………………………………………

c)…………………………………………

5)there are five factors influence a sales rep. s job behavior and performance these are :

1-………………………………………

2-………………………………………

3-………………………………………

4-………………………………………

5-………………………………………

(p.10-13)

6)the approaches that can be used to evaluate and control sales force performance are…………………….and ………………………

(p.13-14)

7)sales personal are classified by type of employer into:

1-…………………………………………

2-………………………………………

3-…………………………………………

(p.25)

8)personal factors related to difierences in sales performance can be broken down into two groups:

a-……………………………………………

b-…………………………………………

(p.26)

9)physical and hahavioral characteristics relarec sales performance include:

1-…………………………………………

2-……………and ………………………

3-…………………………………

(p.26)

10)sales job involve a wide variety of duties these are :

1-…………………………………………

2-…………………………………………

3-…………………………………………

4-…………………………………………

5-…………………………………………

6-…………………………………………

7-…………………………………………

8-…………………………………………

9-…………………………………………

Part three :

Answer shortly the following questions:

1)there is a clear relationship between marketing and personal selling explain (p.6).

……………………………………………

……………………………………………

……………………………………………

2)the activities involved in formulating a company' s strategic cales programs can be designed through five major sets of decisions- indicate (p.8-9)

…………………………………………

…………………………………………

…………………………………………

3)explain why personal selling is important any company. (p.9).

…………………………………………

…………………………………………

…………………………………………

4)what are the main classifications of sales persons

(p.22-24).

…………………………………………

…………………………………………

…………………………………………

5)differentiate between order taker and order (p.24)

…………………………………………

…………………………………………

…………………………………………

6)what are the differences between different approaches of selling (p.23-24).

……………………………………………

……………………………………………

……………………………………………

7)what is mint by missionary selling (p.25)

……………………………………………

……………………………………………

……………………………………………

8)what are the major duties of sales persons (p.22-24)

……………………………………………

Chapter two

Sales management and the sales

managers jobs

part one :

indicate whether each of the following statements is true or false and why?

1)the sequence of activities the guide sales managers in the creation and administration of a sales program is started by organizing sales force and ended by recruiting salespersons (x).

بدأ سلسلة الأنشطة التي يسترشد بها مدير المبيعات عند تصميم وإدارة برنامج المبيعات بتنظيم جهاز البيع وتنتهي باستقطاب مندوبي البيع.

العبارة خاطئة:

These activities are as follows :

هذه الأنشطة على النحو التالي:

1-select target cusomers .

1-اختيار العملاء المدربين

2-crganize sales force.

2-تنظيم جهاز البيع

3-estimate potentials and forecast sales.

3-تقدير الطلب والتنبؤ بالمبيعات

4-recrnuit and select sales persons.

4-استقطاب اختيار مندوبي البيع

5-train salespeople　　5-تدريب رجال البيع

6-design compensation program　　6-تصميم برنامج المستحقات المالية

7-motivate sales force.　　7-تحفيز رجال البيع

8-design sales territories　　8-تصميم المناطق البيعية

2)flexibility is a necessary attributes for good and successful sales managers (x) p. 41-42

……………………………………………

……………………………………………

……………………………………………

3-good listening and effective speaking are skills necessary only for salespersons (x) p.44-46

……………………………………………

……………………………………………

……………………………………………

4-organizing is an important skill to managers and salespersons. (√)

التنظيم هو أحد المهارات الهامة لمديري ومندوبي البيع .

العبارة صحيحة:

1-for salespersons it is crucial that they be able to organize time presentations and accounts efficiently poor organization is one of the great wasters and it contributes to poor overall performance :

1-بالنسبة لمندوبي البيع من الصعوبة لهم هن ينظموا أوقاتهم بين عدة أمور متعارضة كعرض السلعة وخدمة العملاء غير أن التنظيم السيء يسبب زيادة الفاقد ويؤدي إلى انخفاض مستوى الأداء الكلي.

2)sales managers must not only be able 10 to organize their own jobs and work but also be also be able to assist salespeople in organizing theirs.

…………………………………………

…………………………………………

…………………………………………

…………………………………………

5)customers knowledge is critical for sales managers as well as salespersons (√)

إن توافر معلومات عن العميل يعد أمرا حيويا لمديري المبيعات مثلما هو حيويا لمندوبي البيع.

العبارة صحيحة:

For sales managers customers knowledge will help them assist individual salespeople who might be having trouble with customers it is also important to the sales managers in making forecasts and establishing quotas.

تساعد المعلومات عن العميل مديري المبيعات في مساعدتهم لمندوبي البيع عندما يواجهون مشاكل مع العملاء كما أنها مهمة لمديري المبيعات عند التنبؤ بالطلب وتحديد الحصص البيعية لهؤلاء المندوبين.

6)sales managers act as a boundary spanner between internal and extemal forces and the sales force. ( ) (p.57)

…………………………………………

…………………………………………

…………………………………………

…………………………………………

7)change agent has to be a person from inside the organization.(x)

(p.64)

…………………………………………

…………………………………………

…………………………………………

…………………………………………

Part two:

Fill the blanks in the following statements with suitable word (s):

1) the administrative role of the sales management includes the planning management and control of sales program as well as ……………………..,……………………

…………………………..,……………………….…and… ………………..(p.35)

2)characteristics of successful sales managers involve

…………………………..,………………

And ……………………………….(p.38)

3)some characteristics necessary for good sale managers are shared with successful sales people, such as ………….

……………………,………………,……………………….and……………. (p.39)

4)sales management skills include……

…………………………..,……………

And some skills that are probably more applicable to sales managers than to salespeople. (p.44-46)

……………………………………………

……………………………………………

……………………………………………

5)some skills are probably more applicable to sales managers than to salespeople theses are …………………,

…………………………….,…………

And ……………………………(p.49)

6)sales managers must possess certain knowledge in the same way that salespeople do these are:.…………………

…………………………….,…………

And …………………………….

(p.53-54)

7)the sales managers are boundary spanners between three groups ………………………………………

And ……………………………(p.57)

8) the three main steps in the process of facilitation change ……………..,………

And……………………………(p.67)

Part three:

Answer the following questions :

1)what are the sequence of activities that sales managers in the creation and administration of sales program for a firm?

……………………………………………

……………………………………………

……………………………………………

2)organizing is an important skill to both managers and staff-explain. (p. 48-49)

……………………………………………

……………………………………………

……………………………………………

……………………………………………

3)some skills are probably more applicable to sales manage than to salespeople indicate : (p.49)

……………………………………………

……………………………………………

……………………………………………

……………………………………………

4)what are the main knowledge that sales managers must possess? (p.53-54)

……………………………………………

……………………………………………

……………………………………………

……………………………………………

5)what are the major roles of the sales manager?

(p. 56-64)

……………………………………………

……………………………………………

……………………………………………

……………………………………………

6)sales managers act as a boundary spanner between internal and extemal factors and the sales- explain. (p.56-57)

……………………………………………

……………………………………………

……………………………………………

……………………………………………

7)differentiate between sales manager as goal setter and as entrepreneur. (p.62-63)

……………………………………………

……………………………………………

……………………………………………

……………………………………………

8)sales managers play a critical role in goal setting how?

(p.64)

……………………………………………

…………………………………………

9)what is ment by change agent?

…………………………………………

…………………………………………

Chapter three

The salling process

العملية البيعية

Part one :

Indicate whether each of the following statements in true or false and why?

1- the selling only consists of prospecting and closing the sale

تشمل العملية فقط على تحديد العملاء المستهدفين وانهاء العملية البيعية

false : the process consists of خطأ تتكون العملية من

1-prospecting تحديد العملاء

2-preapproach الاتصالات الأولية

3-making the approach اجراء الاتصالات

4-conducting the presentation اجراء العرض البيعي

5-overcoming the objections and execuses تجاوز الاعتراضات والاعزازات

6-closing the sale انهاء العملية البيعية

7-follow – up and postal services المتابعة وتقديم الخدمات

2-there are no clear sources of prospects

ليس هناك مصادر محددة يمكن عن طريقها معرفة العملاء.

False : there are many sources such as family and friends local groups and tradesmen present and last customers directories and lists news stories.

توجد عدة مصادر للاستعلام عن العملاء هي الأسرة والأصدقاء والمجموعات ورجال الأعمال المحلية العملاء الحاليين السابقين والقوائم والدوريات وقصص الاخبار.

2-there is no known determination to local groups which are considered sources of prospects.

ليس هناك تحديد معروف للجماعات المحلية التي تعد مصادر للعملاء.

False :

Local groups such as trade associations parents associations or chamber's of commerce are good sources of prospects .

الجماعات المحلية مثل منظمات التجارة والشركات الأم أو القابضة والغرف التجارية تعد مصادر جيدة للاستعلام عن العملاء.

3-salesmen must determine whether their prospects qualify as high potential customers.

يجب على رجال البيع أن يقرروا ما إذا كان العملاء الذين يجدونهم يصنفون على أنهم عملاء محتملين بدرجة عالمية.

True :

The prospect musf meet these qulifications :

يجب أن يتوافر للعملاء المحتلمين هذه الصفات.

-they must have needs or wants that can be satisfied by the products the salesmen are selling.

يجب أن تكون لديهم الحاجات والرغبات التي يمكن اشباعها بواسطة النتجات التي يقوم رجال البيع ببيعها.

They must have the financial means to pay for the purchases.

يجب أن تكون لديهم القدرة المالية لدفع اثمان ما يقومون بشراءه.

They must have the authority to make the purchase .

أن تكون لديهم السلطة على إتمام عملية الشراء.

They must be accessible to the salesmen.

يمكن لرجال البيع الوصول إليهم .

They must meet special qualifications necessary to buy the particular produce.

أن تكون لديهم الصفات الخاصة الضرورية لشراء هذا المنتج.

4- the preapproach means nothing.

التمهيد الموضع المتبع البيعي لا يعني شيئا.

False :

It is the a part of the selling process that consists of collecting information analyzing its significance and using it to construct the sales presentation.

هي جزء من العملية البيعية الذي يتضمن جمع البيانات وتحليلها لمعرفة مدى جدواها واستخدامها في وضع هيكل عملية العرض البيعي.

5-the need information differs according to the way of usmg the product by customers.

تختلف البيانات المطلوبة حسب طريقة استخدام العميل للمنتج.

True :

It the saleman is selling an individual a product for his own use the salesman should seek details about the prospect's personality.

فإذا كان رجل المبيع يبيع المنتج بغرض الاستخدام الشخصي للعميل فأنه يحتاج إلى بيانات تفصيلية عن شخص هذا العميل.

But if the salesman is selling a product to a purchasing agent for a company he concentrates on information about the company's business and about the individuals who might be involved in the buying decisions.

ولكن إذا كان بيع المنتج إلى وكيل الشراء لشركة معينة فإنه يركز على طبيعة اعمال الشركة وعلى الأفراد الذين يشتركون في صنع قرارات الشراء.

6-canned sales presentation is similar to programmed presentation.

يتماثل العرض البيعي المحفوظ مع العرض البيعي المبرمج.

False :

The canned peparea by the company and lists all things that salesmen are to say and do when talking to the prospect.

يعد العرض المحفوظ بواسطة الشركة ويتضمن قائمة بالأشياء التي يجب على رجال البيع مراعاتها عن التحدث مع العميل.

A programmed sales presentation is a written sales presentation that details how indiyidual prospect can use the product or services being offered.

العرض البيعي المبرمج: هو عرض بيعي مكتوب يتضمن جميع التفاصيل عن كيف يمكن للعميل أن يستخدم السلعة أو الخدمة المقدمة إليه.

There are some general rules that a salesman should follow to answering obections .

توجد بعد القواعد العامة التي يجب على رجل البيع اتباعها عند الرد اعتراضات العملاء.

True :

Thcse rules are	هذه القواعد هي
Have the right attitude	-أن يكون لديه الدافع الصحيح
Listen carefully to the objections	-الاستماع جيدا للاعتراضات
Get at the real problem	- الوصول إلى المشكلة الحقيقية
Time your reply	يحدد الوقت للإجابة
Show that you understand the objeasiens	بين أنك تفهم الاعتراضات
Answer briefiy	الأجابة باختصار

Tailor your reply	فصل اجابتك حسب الموقف
Know when to back off	اعرف متى توقف المناقشة

Part two:

Answer briefly the following question:

أجب باختصار على الأسئلة الآتية:

1-there are several factors that can influence the extent of the follow up explain.

توجد عدة عوامل يمكن أن تؤثر على مدى متابعة العملية البيعية اشرح.

The Answer:

Severl factors influence the extent of the follow up the follow up tends to be more important when.

تؤثر عدة عوامل على مدى متابعة عملية البيع وتصبح المتابعة أكثر أهمية عندما تظهر أهمية البيع في قيمة المبيعات.

The sales is important in terms of pounds.

There is a good chance to repeat business with the customer

عندما تكون هناك فرص جيدة لتكرار عملية البيع للعميل

A substantial amount of customer training is required

عندما تكون هناك حاجة ملحة لتدريب العميل على استخدام المنتج.

What are the major techniques that a salesman can use to close the sales?

The salesman can use:	يمكن لرجل البيع أن يستخدم
1-reviewing selling points	-مراجعة النقاط البيعية
2-contrasting advantages with disadvantages.	-مقارنة المزايا بالعيوب
3-assuming a close	-افتراض أنهاء المقابلة
4-closing on a minor point	-انهاء المقابلة الرئيسية لنقطة هامشية
5-suggesting ownership	-اقتراح ملكية المنتج
6-closing on an objection	قفل الباب على الاغراض
7-last chance close	قرض أخيرة على أنهاء المقابلة
8-norrowing the choice	تضييق فرص الاختيار
9-	طلب أمر الشراء مباشرة

3-what are the main sources of prospects?

True and false?

ارجع إلى السؤال رقم 2

……………………………………………

……………………………………………

……………………………………………

4-what are the necessary qualifications of prospects?

ما هي المواصفات الضرورية للعملاء المحتملين :

ينظر إلى السؤال رقم 3 في true and f

………………………………………….

………………………………………….

………………………………………….

5-what are the types of information needed?

ما هي أنواع المعلومات المطلوبة.؟

انظر إلى السؤال رقم 5 في true and false

6-what are the suurces of information collecting?

ما هي مصادر جمع المعلومات.

The answer :

There are two basic sources of information they are .

هناك مصدران اساسيان للبيانات هما:

a-inter al soruces: المصادر الداخلية

Where is a treasure hosue of information records dept by the salesman's company.

توجد زخيرة قيمة من البيانات المسجلة والمحفوظة في دفاتر شركة رجل البيع.

Informaticn usually pertains only to those prospects who have had previous dealings with the company.

b-external sources : المصادر الخارجية

The salesman talks to customers and other salesmen to gather information about new prospects.

كان يطلب رجل البيع معلومات من العملاء ورجال البيع الآخرين عن العملاء المحتملين .

Also trade newspapers and to follow the activities oof trade acociations beside the trade publication in his field.

كما تعتبر الصحف التجارية ومتابعة أنشطة منظمات التجارة مصادر للمعلومات هذا بجانب مطبوعات التجارة في مجال عمله.

7-what is ment by planned sales presentation?

ماذا يقصد بالعرض البيعي المخطط؟

This is prepared by salesman and the things that are to be said and done in the presentation are flexible.

يعدها رجال البيع علاوة على كل ما يجب أن يقال أو يؤدي في العرض يكون مرة وليس محددا.

8-indicate some of the suggestions that will help the salesman to build a complete and convencing sales presentation.

أذكر بعض المقترحات التي يمكن أن تفيد رجل البيع في أقامة عرض بيعي كامل ومقنع.

these suggestions are : هذه المقترحات هي

1-list the five basic stages of sales (attention, interest desire conviction and action).

1-ضع قائمة بالخمس مراحل الأساسية لعملية البيع وهي (الانتباه والاهتمام والرغبة والاقناع والشراء).

2-list all buying activities that could induce the prospect to buy the product .

2-ضع قائمة بجميع الأنشطة التي تغري العميل الممثل على شراء المنتج.

3-list all possible sales features of the product

3-ضع قائمة بجميع الخصائص الممكنة للمنتج

4-translat these sales features into selling points

4-ترجم هذه الخصائص إلى نقاط بيعية.

5-list the demcnstrations that dramatize the selling points.

Chapter four

The sales organization

تنظيم إدارة المبيعات

O.I

Indicate whether each of the following statements is true or false and whv?

1-few companies use a single basis for subdividing line authority.

يستخدم قليل من الشركات أساس واحد لتقسيم خط السلطة أو التقسيم إدارة البيع.

False : خطأ

Most use a combination subdividing the salling task more than once

معظم الشركات تستخدم أخر من أسلوب أو تنظيم العمل البيعي لتسمح بمزيد من التخصص.

To permit greater speciatization nearly every large sales department subdivides authority on the geographic basis at some levels of the organization.

فيقوم أي قسم مبيعات كبير الحجم بتقسيم بعض عملياته وفق الأساس الجغرافي.

But this is done in combination with the prcduct or type of customer

ولكن هذا يتم مع تقسيمات أخرى مثل التقسيم حسب المنتج أو التقسيم حسب العملاء.

2-the small firm with small selling operations is likely to subdivide line authority geographically

من المحتمل أن تستخدم الشركة الصغيرة ذات العمليات البيعية القليلة اسلوب التقسيم الجغرافي.

False :

The large firm with for tlug selling operations is likely to subdivide hine authority geographically .

من المحتمل أن تستخدم الشركات الكبيرة ذات العمليات البيعية الضخمة الأساس الجغرافي في تصميم تنظيمها البيعي.

There are no clear reasons to use geographical basis to organize the sales activites.

ليس هناك اسباب واضحة لاستخدام الأساس الجغرافي لتنظيم الأنشطة البيعية.

False: the reasons are الأسباب هي

- as more customers as added in many different geographical areas

- زيادة عدد العملاء في مناطق جغرافية

- As a wider area is cultivated

- بدء التعامل في مساحة جغرافية أوسع

- The size of the sales tasks

- زيادة المهام البيعية

- To use decentralization

- لتطبيق نظام اللامركزية

- Because this permits to local problems to be handled .

- بما يسمح بمعالجة المشاكل المحلية بسرعة وفعالية.

4- when using the product as a basis to divide line authority the head manager must control each sales activity.

عند استخدام المنتج كأساس لتنظيم إدارة المبيعات يصبح مدير إدارة البيع مسئولا عن كل نشاط بيعي.

False :

The sales task is split among subordinates line executives each of whom directs perations for the part of the product.

يوزع الجهد البيعي على مرؤوس المديرين ويتولى كل منهم مسئولية جزء من المنتج.

When the authority is a so divided more than one sales force may be required.

عند تقسيم السلطة بشكل أكبر قد يتطلب الأمر اكثر من قوة بيعية.

One sales force fore simple products and others for highiy technical prcducts.

فيكون هناك فريق بيعي للسلعة البسيطة وآخرين للسلع المعقدة فنيا.

5-when applying organizing based on products types there is no need to have a particular manager for aparticular product.

False :

Ir necessary to have a manager with own staff to deal with a single product (product manager).

يكون من الضروري وجود مدير ومجموعة من المساعدين لمنتج واحد (مدير المنتج)

6-subdivineg by products is appropriatc when dealing with inany different customers.

يصبح تطبيق التنظيم على أساس المنتج عندما يقوم المشروع ببيع منتجاته للعديد من العملاء المختلفين.

False :

Subdividing by the type of customer of marketing channel schems is apprcpriate when specific products are marketed to several types of customers and the problems of selling to each type are different.

يصبح تنظيم إدارة المبيعات على أساس العملاء أو قنوات التوزيع ملائما عندما يقوم المشروع بتوزيع منتجات معينة على أنواع مختلفة من العملاء لكل منهم مشاكله البيعية المختلفة.

When selling the same or similar products are sold o. a number of industries.

أو عندما تباع نفس المنتجات والسلع المتماثلة لعدة صناعات.

High centratization in sales force management is found among companies with large sales forces.

توجد المركزية لإدارة قدرة البيع في الشركات التي لديها قوى بيعية.

False :

High decentralization in sales force inanagement is found mainly among companies with longe sales forces manufacturing and marketing many proceucts dealing with many segments in the markets and aiming to sell more and face competition.

التوسع في تطبيق المركز بالنسبة لإدارة قوة البيع يتم في الشركات التي لديها قوة عمل كبيرة وينتج ويبيع عدة منتجات وتسوق انتاجها في عدة أجزاء من السوق وترغب في زيادة مبيعاتها ومواجهة منافسيها.

9-line staff and functional authority are similar

هناك تماثل بين السلطة التنفيذية والسلطة الاستشارية والسلطة الوظيفية.

False :

- line authority السلطة التنفيذية

- by which executives have the right to order command and make decisions.

بواسطتها يكون لمديري التنفيذ الحق في إصدار الأوامر واتخاذ القرارات.

Staff authoritv managers have the right to advice managers of line authority

لهم الحق في تقديم النصائح لمديري التنفيذ

Functional authority : focusing on technical issues

تركز على النواحي الفنية.

Part two :

Answer shortiy the following questions

أجب باختصار عن الأسئلة التالية:

1-what are the main purposes of sales oragnizedon?

ما هي الأهداف الرئيسية لتنظيم إدارة المبيعات.؟

The answer :

- permit the development of sales specialization
- تسمح بالتخصص في مجال البيع
- Assure that all neressary activities are performed
- التأكد من أداء جمع الأنشطة المتعلقة بالبيع
- Achieve coordination or balance
- تحقيق التنسيق والتوازن
- Define authority and responsibility
- تحديد السلطة والمسئولية
- Economize an executive time
- ترشيد وقت المدير

2-explain the major steps in setting a sales organization:

اشرح الخطوات الخاصة بإنشاء تنظيم المبيعات:

The answer :

The steps are الخطوات هي

- defiring the objectives

- تعريف الأهداف

- Delinvating the necessary activitics .

- تحديد الأنشطة الضرورية

3-grouping activities into jobs or positions .

- تجميع الأنشطة في شكل وظائف أو مناصب وظيفية.

4-assigning personnel to position :

- تسكين الأفراد في الوظائف.

5-providing for coordination and control./

- توفير التنسيق والرقابة.

2-what are the advantages of the line and staff sales organization?

ما هي مزايا التنظيم مع الاستعانة بالمستشارين؟

The anseer : الأجابة

The advantage are المزايا هي

Applying the specification concept.

تطبيق مبدأ التخصص في العمل.

- the chief sales executives being relieved from such detail work therefore the can take a broader view of the deparment problems.

- إعفاء المديرين التنفيذ بين من تفاصيل العمل يمكنهم من النظرة الشاملة .

- A pool of experts provide advice and assistance on questions that arise in specialized feelds.

- يقوم العديد من الخبراء بتقديم النصح والمساعدة عن المشاكل التي تنشأ في المجالات المتخصصة.

- Top management can concentrate on control and coordination and other adminiztrive issuase.

- يستطيع رجال الإدارة العليا التركيز على الرقابة والتنسيق والامور الإدارية الأخرى.

- Q3- centralization in sales force management varies widely in different kinds of companies- why?

- تختلف المركز في إدارة قوة البيع اختلافا كبير في الشركات المختلفة لماذا؟

- The answer :

- Smaller companies that have few salespsole and confing their operations to small geographical area keeping the units of sales high the sales call frequency low and the climber of salesperson relatively high tend to apply centralized salesforce an and the opposite.

- بالشركات الأصغر التي يعمل لديها عدد قليل من رجال البيع وتؤدي انشطتها في منطقة جغرافية ضيقة وتحرص على زيادة مبيعاتها والتي يتطلب الأمر فيها اتصالا مستمرا مع العملاء ويزداد معدل ودوران رجال البيع فيها تميل إلى تطبيق (المركزية والعكس).

- Q4-what are the main advantage of decentralized the sales force management?

- ما هي مزايا تطبيق اللامركزية في إدارة قوة البيع بالمنظمة.

- The answer:

a-more intencive cultivation of the market and consequently a high sales volume to help absorb the higher fexed costs.

التغطية الكبيرة للسوق وزيادة حجم المبيعات مما يساعد على امتصاص التكاليف الثابتة المرتفعة.

a-more effective control improved suspervision and increasing the producfivity.

الرقابة المحكمة وتحسين الاشراف وارتفاع الانتاجية.

c-lmproved customer sevices.

تحسين مستوى خدمات المقدمة للعملاء.

d-reduced the need for the casts of territorial.

تخفيض وقت تكاليف الترحال في المناطق البيعية.

e-improved sales force morale.

تحسن الروح المعنوية لرجال البيع.

f- the development of managerial skills.

تطوير المهارات الإدارية.

q.s: few companies use a single basis for subdividing line authority and most use a compination why.

قليل من الشركات تستخدم أساس واحد لتنظيم إدارة البيع في حين أن معظمها يستخدم أكثر من اساس- لماذا؟

- The answer:
- Subdividing the selling task more than once to permit greater ecialization nearly every lagre sales department subdivides authority on geographic basis at some level of organization but this is done usually in combination with either the product or customer type.

- فالتنظيم باستخدام أكثر من أساس يسمح بقدر كبير من التخصص وتقريبا بالنسبة لأي قسم كبير للمبيعات يكون التقسيم جغرافيا عند مستوى معين ومع استخدام أسس أخرى بالنسبة للمستويات الأخرى بالمنتج أو نوع العميل.

Chapter six

Recuiting and selecting salespeople

استقطاب واختيار رجال البيع

O.I

Indicate whether each of the following true of false and justify your answer.

بين صحة وخطأ كل عبارة من العبارات الآتية مع تبرر أجابتك.

1-selecting sales force involves only 3 steps-

تتكون عملية اختيار قوة البيع من ثلاث خطوات فقط.

False:

Selecting alesforce involves:

Analysis the jobs	تحليل الوظائف
Job qualifications	تحديد مواصفات الوظيفة
Recruiting candidates	استقطاب المرشحين للعمل البيعي
Selecting prospects	اختيار الأفراد
Validating the hiring process	اعتماد عملية الاختيار

2-selecting good salespeople is so easy task:

اختيار رجل بيع بيد مهمة سهلة.

False :

Selecting good salepeople is so difficult task for many reasons such as.

اختيار رجال بيع جيدة مهمة شاقة لعدة أسباب مثل:

The pressure to fill open ternitories.

الضغط لملاء المناطق البيعية المتاحة.

Sales jobs icquire more crative skills that are more

يحتاج رجل البيع إلى كثير من المهارات الخلافة التي يصعب تحقيقها.

Predictiong future behaviour is always difficult.

يصعب التنبؤ بالسلوك المستقبلي لأي فرد يتم اختيار في قوة البيع.

3-analysing sales jobs varies according to the age of a company.

تختلف عملية تحليل الوظائف البيعية تبعا لعمر المنظمة؟

True :

If the company is new sales and marketing plans should be review to estate the role of the sales force.

أذا كانت الشركة جديدة تصبح خطط المبيعات والتسويق هي الأساس لتحديد دور قوة البيع.

Reviewing sales and marketing plans .

فحص مراجعة خطط التسويق والمبيعات

Analyzing the selling position by an observer

تحليل الوظيفة البيعية بواسطة ملاحظ

Interiwing customers بمقابلة العملاء

4-job qualifications explain the needed skills only.

بشرح مواصفات الوظيفة المهارات المطلوبة فقط.

False :

- job qualifications explain the aptitude skills knowledge and personality traits.

- تشرح مواصفات الوظيفة القدرات والمهارات والمعرفة والصفات الشخصية.

- Also these include كما تتضمن

- Education previous works experience technical exports aptitude and interests.

- التعليم ، الاعمال السابقة، الخبرة، المهارات الفنية والقدرات والاهتمامات.

5-the main problem in using personality traits as recruiting criteria is only funding ways to measure and evaluate them effectively .

- المشكلة الرئيسية في استخدام خصائص الشخصية كأداة لقياس وتقييم هذه الصفات بكفاءة هي أيجاد طرق القياس والتقييم.

- False :

- There is also knowing which traits are appropriate to a certain task.

- هناك أيضا معرفة الخصائص المناسبة لمهمة معينة.

6-company workers are the only source for salespersons.

يعتبر العاملون في الشركة المصدر الوحيد لرجال البيع.

False :

- Also there are advertising employment ageecles educational institutions customers and suppliers.

- يوجد مصادر أخرى هي الاعلان ووكالات الاستخدام والمعاهد التعليمية والعملاء الموردين.

7-there are two types of information found on application forms .

يوجد نوعان من المعلومات في طلبات الاستخدام.

False : there are three types يوجد ثلاثة أنواع

- The level of the candidates writing

- درجة المامه بالقراءة

- The educational background

- الخلفية التعليمية

- The past employrnent record

- سجل ماضية للوظيفي

8-when testing condidates there are only type required which is an intelligence test.

عند اختيار المرشح للوظيفة هناك إختيار واحد وهو إختيار الزكاء.

False :

There are five types of tests

هناك خدمة أنواع من الاختبارات

a-intelligence tests	اختبارات الزكاء
b-aptitude tests	اختبارات القدرات
c-personality tests	اختبارات الشخصية
D-physicla examination	الفحص الطبي
e-psychological tests	الاختبارات النفسية

Part two :

Answer briefly the following guestons:

What are the types of tests for required cadidates?

ما هي أنواع الاختبارات المطلوبة للمرشحين للعميل.

Tests are of three types .

توجد ثلاثة أنواع من الاختيارات

Intelligence tests:

Are used to decide if the applicant the necessary rental capacity to carry out the sales job.

تستخدم لتقدير مدي توافر القدرة الفعلية لدي المرشح للوظيفة علي اداء الوظيفة البيعية

b- اختبارات القدرات

Aptitude tests

Are used to assess an appli ants inheres in and capability to perform specified tasks and activities

تستخدم لتقسير مدي توافر الرغبة والقدرة لدي الرشح علي اداء مهام وانشطة معينه

اختبارت الشخصي c- personality tests

Are used to insure a variety of personal characteristics related to the success in sales such as empathy. Achievement orientation and power.

تستخدم للتاكد من وجود العديد من الصفات الشخصية التي تتصل بنجاح الفرد في اداء العمل البيعي والرغبة في القوة.

2- what are the common ways to be used to check backgrounds of applicants

ما هي الطرق الشائعه التي يمكن استخدامها للتحقق من صحة المعلومات

there two wavs : يوجد اسلوبان

Calling the firm the candidates war working for

الاتصال بجهات العمل التي كان يعمل بها المرشحون

-Hiring a specialist firm to do this task.

تأجير شركة متخصصة لأداء هذه المهمة

3- what are the benefits of interviews of sales candidates?

- managers can follow up information obtained from application form.

يستطيع المديرون متابعة أو التأكد من المعلومات التي تم الحصول عليها من طلبات الاستخدام.

- interviews enable sales managers to assess the level of interest and desire for the job.

تمكن المديرين من تقييم مستوى اهتمام ورغبة المرشح في الوظيفة.

- interviews enable sales managers to assess a recruits speaking ability and appearance.

تسمح للمدير بتقدير قدرة المرشح على الكلام أو التعبير وكذلك مظهرة.

- what does the job description show?

ما الذي تظهره عملية وصف الوظيفة.

سبقت الإجابة عليه – كما يمكن الرجوع لما.

Part three:

Complete: أكمل

1- steps in the recruiting and selecting process are…………,………………..,……….,……….….,and.

The missing words: الكلمات الناقصة

Analyzing sales jobs	تحليل الوظيفة البيعية
Job qualification	تحديد مواصفات الوظيفة
Recruiting candidates	استقطاب طالب الوظيفة
Selecting prospects	اختيار رجال البيع
Validating the hiring process	اعتماد عملية الاستخدام

2- personality traits include …….., many factors,……..,…………,……..and …………

تشتمل الخصائص على العديد من العوامل مثل …………،

……….، ………… ،……..،………………

The words:

- maturity درجة النضج attractive appearance المظهر الجذاب cooperativeness ومدى التعاون.

3- the sources of salespersons are ……..,……...,………, and …………

– مصادر رجال البيع هي الإعلانات المبوبة

- classified advertisings تصنيف الإعلانات

- company sources مصادر الشركة

- employment agencies وكالات الاستخدام

- educational institutes المنظمات التعليمية

- customers and suppliers العملاء والمورون

أنواع المقابلات هما:

- structured and nonstructural interviews.

المقابلات الهيكلية وغير الهيكلية

- field interviews.

المقابلات أثناء العمل.

- initial interviews and the main interviews.

المقابلات الأولية والمقابلات الأساسية

4- types of interviews are ………,and……….,……….,…….

أنواع المقابلات هي:

- structured and nonstructured interviews.

المقابلات الهيكلية وغير الهيكلية

- field interviews.

المقابلات أثناء العمل

- Imitial interviews and the main interviews.

المقابلات الأولية والمقابلات الأساسية.

Parts four:

Compare between the advantages of classified advertising sources and the advantages of company sources:

قارن بين مزايا الإعلان المبوبة ونوايا الاختبار من داخل الشركة.

Advertising advantages:

1- reaching a wide audience and attracting candidates who are actiroly looking for a job.

تصل إلى قطع عريض من الأفراد كما تجذب أولئك الذين يبحثون جدياً عن الوظيفة.

2- advisements in national media identify the company products and location and they state the back ground and experience required to fuil the job.

الإعلانات في الوسائط المحلية تعرف الشركة ومنتجاتها وموقعها والمعارف والخبرات المطلوبة فمن سيشغل الوظيفة.

3- helping to prescreen applicants.

– المساعدة على تصفية المتقدمية أو تقليل عدد المتقدمين.

4- it is effective for firms of lugh rate of turnower.

– فعالة بالنسبة للشركات ذات معدل الدوران العالي للعملة

5- can be used when needed and it generates a good supply of candidates.

مزايا الاختيار من داخل المنظمة

Company source advantages:

For salespeople they are familiar the company's products, markets and, policies and procedures, also they do not require so much training comparing with those of ouside sources.

يكون الأفراد على معرفة بالشركة ومنتجاتها واسواقها وسياساتها وإجراءاتها كما أنهم لا يحتاجون إلى تدريب أكثر مقارنة بمن يمكن الحصول عليهم من المصادر الخارجية.

CHAPTER SEVEN
SALES TRAINING

Q. 1: Indicate whether each of the following statements is true or false and justify your answer:

1) Although the specific objectives of sales training may vary from • fom to firm ,theje is seme agreement on the broad objectives.(*f)* (p.22?)

2) Sales training leads to better morale. (*f) (p211)*

3) The only problem the sales managers face when trying to introduce " sales training programs, is the resistance of salespeople to the changes suggested by training programs.(x) (p.221)

4} The starting point in creating credibility in sales raining is to determine objectives.(x) (p.2t ?)

5) Produce knowledge and co.ir.pan> orientation are the only sales training topics ,(x) (pp^'V— o*.»

6} Companies that produce technical products. spend more time on product kacv.'ieoge trailing ihiin do r.iinuncturers of ncn technical producis . (7) (p.2 £?)

7) product knowledge, as a sales training program, involves not only knowing how the product is made .(f) (p.2£5).

8) There is no benefits that occur to salespeople as

they acquire product knowledge training.(x) (pp.7';C-2^;).

9) Sales training in market/ industry orientation covers both broad and specific.

10)Market / industry orientation is a sales training piogram that aims at making sales trainees aware of company policies.(/) (p.247).

11) On –the job training is not an effective sales training methods.(x) (pp255-257}.

12) Classroom training has several advantaces and disadvantages (pp 257 - 258).

Q.2: Answer the following question:

1) How does sales training lead to better morale ? (p.223)

2) What are the major objectives of sales training ? (pp.222-225)

3) Explain how credibility in sales training can be created ? (pp.289-298.)

4) What.are the major sales training topics ? _

5) What are the basics sales training methods ?

3: Write short notes on the following:

1) Improving the customer relations as a one benefit of sales training.

2) Time and train; n% management as a subject in many sales training Programs.

3) The development of sales training programs.

4) Product knowledge and market /industry orientation as two sales training topics.' . .

5) Benefit that occur to salespeople as they acquire product knowledge training Some suggestions for making one-on-one training most effective.

7) Advantages and disadvantages of classroom training.

8) Sales training costs.

9) Recent trends in sales training evaluation.

4: Fill in the spaces:

1) Sales training is undertaken to ………………………….,…………………………..,
…………………………….and
…………………………………………

2) There are some problems that companies face when trying to implement sales training programs. These are :

1……………………………………………………… ………….

2……………………………………………………… ………….

3……………………………………………………… ………….

4……………………………………………………… ……and

5……………………………………………………… ………….

3) Credibility in sales training can be creating through the following Steps:

a) ……………………………………………………… ……

b) ……………………………………………………… ……

c)

……………………………………………………….and

d)

…………………………………………………………
……

4) Sales training topics involve .

1……………………………………………………….
………….

2……………………………………………………….
………….

3……………………………………………………….
………….

4……………………………………………………….
……and

5……………………………………………………….
………….

5) Sales training methods include……………………………… ,
…………………………………………………………
…….and
…………………………………………………………
………

Chapter-**EIGHT**

Compeasgting The Sales Force

Q.i: Determine wutner each statement is true or false and justify- your answers:

1) The pay plan is important because of its impact on the sates force only. (x)

2) There are four objectives of a compensation plar) (pp330 -333).

3) An ideal compensation plan for a sales force provides just a steady income.(x).

4) Simplicity is a hallmark of a good compensation plan.(/)'

5) From managements standpoint , a compensation plan should be economical to administrator but it is not necessary to be competitiveness/x)

6) There are only three widely used methods of compensating a saies force(/)

7) there are cosmic tides of compensation plan : straight salary straight commission.

Q.2: Discuss briefly the following topics:

1) Broad objectives of a compensation plan.

2) Disc requirements of achieving the objectives of a compensation plan.

3) Steps in designing a compensation plan.

4) When a straight salary plan is best.

5) When a straight commission plan is best.

6) Reimbursement of sales expenses.

Q.3: Fill in the spaces :

1) The pay plan is important because o fits impact on the………..,…………..and
………………………………….

2) An ideal compensation plan for a sales force provides both…………and …………………

3) There are three basic types of compensation plans………………..,……………and
…………………….

4) A salary plan is best used when management……………..,…………and……………

………

5) Most of the combination plans fall within the following few

categories……………….and…………………………
…………

6) Three commonly used combination plans involving salary
……………………………………,……………
…………..and
…………………………………………………………
……

7) There are two additional typical combination plans involve a

commission but not salary.

These are………………….and………………………………
.

7) The two general policy alternatives on reimbursing sales expenses are …………………………and……………………..

Chapter-Nine

Saies Territories

Q.1: Determine whether each statement is true or false and j-stify your answers:

1- The key word in the sales territory is geographical no: customers.(x)

2- Ensuring proper market coverage is considered the only benefits of establishing territories.(x)

3 - The first step in designing territories is to analyze sales people's work load.(x)

4-Nature of the product is the only factor which can affect a sales people's work loads.(x)

5- Under the breakdown method, territories .ire formed by combining small geographical areas based on the control unit selected.(x)

6- The management of territorial coverage involves one resin task, routing the sales people.(x)

Q.2: Discuss briefly the following topics :

1)Meaning the sales territories.,.

2) Benefits of stablishing territories.

3) The main steps of designing sales territories.

A) Buildup method.
5) Breakdown method.
6) Establish territorial coverage plans.

Q.3:Firi in the spaces:

1- A firm can drive several benefits from designing sales territories , , these are:

a) ....……

b) ....……

c) ....……

d) ....……

e) ....
and

f) ....……

2-The main factors which can a fleet sales people's work loads,are

…………,………..,…………,……………..,………….
And ……………………………………….
3- Buildup method depend on several procedures, these are:.

a)
……………………………………………………………
……

b)
……………………………………………………………
……

c)
……………………………………………………………an
d

d)
……………………………………………………………
……
4- Breakdown method can be implemented through some steps , these are:

a)
……………………………………………………………
……

b)
……………………………………………………………
……

c)
…………………………………………………………
……

d)
…………………………………………………………
and
e)
…………………………………………………………
……...
5- the management of territorial coverage involves two main
tasks……………………………………..and…………
……………………………..

Chapter Ten

Sales Quotas

Q. 1: Determine whether each statement is true or false and justify your answers:

1) Sales quota definition has two dimensions, the performance goal and the marketing unit(x)

2)Indicating strong or weak spots in the selling structure, is considered the only purposes of sales quota .(x)

3) If a quota is to spur the sales force to maximum effort, the goal must be realistically attainable(/)

4) Not all quota systems need adequate flexibility.(x)

5) A good quota plan is perceived as fair to the people involved.(/)

6) A final essential ingredient in a well - planned quota is its wholehearted acceptance by the sales force.(/)

Q2: Answer the following questions:

1) Define- the sales quota: and its main dimensions.

2) What are the major purposes of sales quotas?

3) What is the difference between sales volume quota and profit quota?

4) A good quota plan should enjoy some characteristics. Explain.

5) A final essential ingredient in a well - planned and well - operated quota system is its wholehearted acceptance by the sales.force. Explain.

3: Fill in the spaces;

1) The sales quota has three dimensions .These are ……………..,………………………and…… ………………………………………………… ……..

2) The most frequently used types of sales quota are those based on ……………………,……………………., …………………………..,………………… ………. and some condition or the four.

3) A good quota plan should enjoy the following characteristics:

……………………………………………………

…………..,………………………………………
……………………......,……………………………
…………………………………..,……………………
……………………………………….and,…………
……………………………………………………..

4) ……………………………………………………
………..,
……………………………………………………
…….and………………………………………
………………….., should be explained to the reps in order to accept the sales quota plan.

5) Sales cost analysis, if combined with sales volume analysis, can help in guiding decisions rclated to ……………………., ……………………………….and, ……………………………………………………
…..

. Chapter Eleven.

Sales Cost Analysis

Q.l: State whether each of the following statements is true or false and why:

1) Sales cost analysis is a detailed study of a firm's selling and distribution costs.(/)'

2) Sales cost analysis is a part of the company's regular accounting system. (x)

3) Sales cost analysis may be analysed in two ways . These are : analysis of ledger expenses and analysis of activity expenses, (x) '

4) An activity expense analysis is a two - stage procedure.(/)

5) by market segment is more effective tnan an analysis.

6) Sales cost analysis, if combined with sale's volume analysis, can bell in guiding decisions related only to territories .(x) *

7) Management should riot consider a cost analysis by size of order.(x)

8) A cost analysis by customer groups is "closely related to an analysis £y order size.(/).

Q.2: Answer Lie following questions :

1) Sales cost analysis is a detailed study of a firm's selling and distribution costs. Explain.

2) Sales cost analysis is not a part of a company's regular accounting system .Explain.

3)What are the major types of sales cost analysis.

4) What are the main steps of the analysis of activity costs by marketing units.

5)What are the main uses of sales cost analysis ..

6) A cost analysis by customer groups is closely, related to an analysis by order size-. Explain.,

Q.3: Fill in the spaces:

1) Sales cost may be analysed in three ways . These are:

a)……………………………………………………………………,

b)………………………………………………………

……and,

c)…………………………………………………………
…………

2) An activity expenses analysis is a two - stage procedure: The first Involves
…………………………………………………,and

The second is………………………………………………………

3) The most common practice in the analysis of activity cost by

marketing units is to divide the market by
……………., ………………….,
………………….,…………………..,…… or
……………………………

4) Analysis of activity costs by marketing units requires the Performa of the following steps:

a)…………………………………………………………
……….,

b)…………………………………………………………
……….,

c)…………………………………………………………
……and

d)……………………………………………………… ………..

5) Sales cost analysis, if combined ^Ttksales volume analysis, can help in guiding decisions related to ………………………….., ……………………………and……………………… ……..

Answer the following questions:

Q.l : Indicate whether each of the following statements is true or false and why? (8 marks)

1-There is no relationship between marketing and sales.

2- Sales managers act as a boundary spanner between internal and external forces and the sales force.

3- The selling process involves two steps only : prospecting and closing the sale.

4- There are certain guidelines that a salesman should follow to insure that sales presentation is effective.

5- In the centralized organization , ail sales activities are handled by field sales executives .

6- Market potential and sales potential are the same.

7- Although the specific objectives of sales training may vary , from firm to firm , there is some agreement on the broad objectives .

8- There are two basic types of compensation plan j straight salary and straight commission .

<u>Q.2 : Compare between each of the following/. *(6* marks)</u>

1- High - pressure selling and low - pressure selling .

2- Canned , planned, and programmed presentation .

3- Structured interview and field interview for selecting salespersons.

<u>Q.3 : Write short notes on the following : (6 marks)</u>

1-The sequence of activities that guide sales manager in
creation and administration of sales program .

2- The main steps of designing sales
territories.
3 - The major purposes of sales quotes.